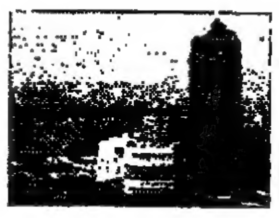
The Future of Europe
Editorial comment, page 11

World airlines
Still trying to get above the turbulence
Page 10



Sir Peter Levene
Breathing new life into Canary Wharf
Interview, Page 30

New man at Kodak
Eliminating the negative
Page 11

FINANCIAL TIMES

25770
133

Europe's Business Newspaper
MONDAY NOVEMBER 1 1993 D8523

Airlines expected to lose $2.4bn worldwide this year

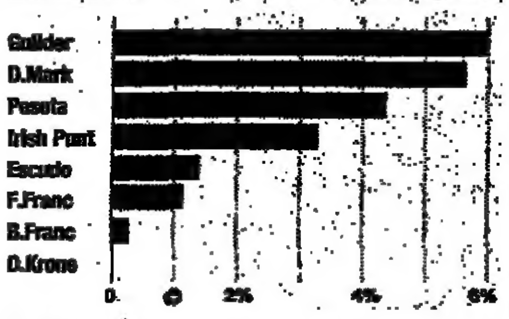
Airlines are expected to lose a further $2.4bn-$2.5bn on international scheduled services this year, after losing $11.5bn over the past three years, the International Air Transport Association says in its annual report. At best, the industry is expected to break even next year, with the possibility of a reasonable profit in 1995 or 1996. Page 12; Britain bans Polish carrier in flights row, Page 3; Slow recovery on the runway, Page 10

Delors may not seek French presidency: European Commission president Jacques Delors, 68, hinted that he may not stand in the French presidential election in spring, 1995. His suggestion that he may bury his ambitions to enter the Elysée defies his continuing strong showing in French opinion polls. Page 12

Stronger yen hits shipbuilders: Japan's shipbuilders have increased profits over the last three years against the trend of most companies' earnings, but their first-half results this year suggest that the yen's appreciation has left them facing a period of restructuring. Page 15

European Monetary System: Currencies within the EMS grid stabilised as the D-Mark recovered following the Bundesbank's recent interest rate cut and after strikes in Belgium and France. The disparity between the Dutch guilder at the top of the grid and the Danish krone at the bottom widened to just over 6 per cent as investors adjusted their positions at the end of the month. Currencies, Page 25

EMS: Grid October 29, 1993



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a 2.25 per cent band.

Jews set fire to Arab homes: Jewish settlers in the West Bank set fire to Arab homes, stoned cars, blocked roads and burnt tyres in response to the murder of a Jewish settler by Islamic militants. In the Gaza Strip, an Israeli shot dead a Palestinian who had stabbed him. Page 4

Doubts over Renault-Volvo deal: Volvo's institutional shareholders harbour doubts about the proposed merger of the Swedish group's car and truck operations with Renault, French state-owned vehicle builder, which is due to be agreed this week. Page 13

Haiti plans provisional presidency: Haiti's military leaders, who defied international efforts to have exiled President Jean-Bertrand Aristide reinstalled, plan to replace him with a provisional president and then call a presidential election. Page 6

Ferranti shareholders resist GEC offer: Rebel shareholders of troubled UK defence electronics group Ferranti International have commissioned an investment consultancy to examine ways of resisting a token offer from GEC which would give them only 1p a share. Page 14

Iran's oil price warning: Iran warned the Organisation of Petroleum Exporting Countries that it would have to re-examine its September output agreement and cut its ceiling if oil prices did not recover. Page 4

Ex-KGB man quizzed in Britain: British police questioned former Soviet KGB general Oleg Kalugin about the 1978 murder in London of Bulgarian dissident Georgy Markov, who died four days after being jabbed in the leg by a poisoned umbrella as he waited for a bus.

Bethlehem Steel of the US has awarded British Steel its first overseas contract for a pioneering technology that reduces the amount of coke needed in blast furnaces. Page 6

China executes officials: Seven Chinese officials were executed, including the mayor of a town in southern Henan province, as a nationwide anti-corruption drive gathered pace. Page 4

Federico Fellini dies in Rome at 73

Film director Federico Fellini died in Rome after two weeks in a coma. He was 73. His most famous films were *La Strada, La Dolce Vita, The Nights of Cabiria, 8-1/2* and *Amarcord*. He won five Oscars, including one for life-time achievement. **Obituary, Page 9**

River Phoenix dies: US film actor River Phoenix collapsed and died in Los Angeles, aged 23. He made his mark as a child actor in *Stand By Me* and appeared in *Indiana Jones and the Temple of Doom, The Mosquito Coast, Little Nikita* and *Sneakers*.

National party abandons demand for constitutionally enshrined veto power

S African government gives ground to ANC

By Patti Waldmeir in Johannesburg

■ Crunch time for South Africa's power-sharing constitution Page 4

SOUTH AFRICA's ruling National party appears to have abandoned its demand for a constitutionally enshrined veto in a government of national unity to be headed by Mr Nelson Mandela if his African National Congress wins the country's first all-race general election next April.

Joint proposals, which will be incorporated in a draft of the constitution due to be released today, show that the government has given substantial ground in its negotiations with the ANC on a new constitution. The National party would have little constitutionally entrenched power to block majority decisions.

In an earlier draft, the party was guaranteed what amounted to a veto in the areas of budget, finance and security.

The proposals call for multi-party power sharing in a five-year national unity government. However, the long-ruling National party, which speaks for minority interests and is likely to come second in next year's elections, now seems to have accepted a form of voluntary rather than enforced power sharing, with President F W de Klerk appearing to rely on assurances from Mr Mandela that fundamental decisions will not be taken without his approval.

If the ANC wins the general election set for next April, Mr Mandela would become president of South Africa. Unless National party electoral support is drastically eroded, Mr de Klerk is likely to become second deputy president, alongside a first deputy president also from the ANC.

Tony Andrews

African National Congress leader Nelson Mandela could be president of South Africa after April elections

If Mr de Klerk disagrees with the ANC, he can try to muster support from allies to outvote it in the cabinet. He is likely to need 40 per cent support to block the ANC, which still might not guarantee him automatic veto power.

Dissent surfaced within Mr de Klerk's National party about the outcome of the talks. One influential party member said the proposals would leave the party "at the mercy of the ANC".

The proposals also offer only limited powers to provincial assemblies. They are likely to reinforce fears of many whites and harden the opposition of Chief Mangosuthu Buthelezi and his Inkatha Freedom Party which demands a quasi-independent status for Natal province, the IFP stronghold. The IFP and its white partners in the right-wing Freedom Alliance have been given 10 days to respond to the proposals.

Freedom Alliance officials condemned the proposals released yesterday, saying they did not devolve sufficient powers to regional governments.

ANC and government negotiators expect to wrap up three years of off-on constitutional negotiations later this week, completing proposals on how a constitution should be written (the document on the table is an interim constitution of up to five years' duration); on the composition of a constitutional court, and local government.

They will present the document as a final offer to the Freedom Alliance, which includes the IFP and the white Conservative party.

Russian banks opt to invest overseas

By Leyla Boulton in Moscow

RUSSIAN banks have more than $15bn dollars stashed away in accounts in the west but have made hard currency loans worth less than half a billion dollars to customers within Russia.

Thirteen banks, which account for 80 per cent of Russian hard currency operations, had $10.03bn in correspondent and investment accounts in western banks at January 1 this year, according to a western study. The same banks had outstanding loans of less than $300m lent to customers inside Russia.

By this June, all Russian banks held about $15.5bn abroad, according to central bank figures. Loans within Russia were worth about 3 per cent of that sum.

The figures compiled from official sources and the banks are an index of the financial chaos within the Russian economy.

While the banks have large amounts of hard currency abroad, the government is rescheduling debts owed to the west, seeking other forms of international finance help it promote business investment.

Many Russian companies with export potential have money but do not trust the national currency or the authorities enough to keep it at home in roubles.

Despite Russia's hunger for investment finance, banks avoid lending within the country – except to clients which earn hard currency and are well-known to them – due to a lack of mechanisms to ensure repayment.

Mr Francis Gelibter, director of Eurosiris Russie, the St Petersburg-based joint venture of Eurosiris, the Paris based consultancy, which conducted the study said: "If I were the manager of a Russian bank I would do the same because there are few alternatives to placing the money abroad. Lending is risky because you don't know if the person will disappear tomorrow or whether new legislation will come along to ruin the project."

The money in correspondent accounts partly services the needs of Russian companies which trade with the west. But the report's authors say that with exports of just $30bn a

Continued on Page 12

Dublin puts pressure on Ulster Unionists

By Kevin Brown in London and Tim Coone in Dublin

THE IRISH government yesterday tried to add to the momentum behind the Northern Ireland peace process by stepping up pressure on Unionist leaders to join round table talks on the province's future, in the wake of Saturday's murder of seven people by the Loyalist Ulster Freedom Fighters.

Mr Albert Reynolds, the Irish prime minister, said he was determined not to allow the process to be derailed by the killings in a bar in Greysteel, Co Derry.

The initiative was rejected by Mr Peter Robinson, deputy leader of the hardline Democratic Unionist party, who warned that Northern Ireland was close to civil war.

Terrorists from both sides have killed 23 people in the last two weeks in a cycle of violence triggered by last weekend's bombing of a shop in Belfast which killed 10 people. The violence continued yesterday when an RUC officer was wounded in Newry.

Mr Reynolds said Unionists had "nothing to fear" from the initiative launched by the British and Irish governments in Brussels on Friday.

He said: "As long as a majority of the people of Northern Ireland wish the present status to remain, that's the way it will be."

Mr Dick Spring, the Irish foreign minister, said he hoped to set up a series of meetings with Unionist leaders, probably lasting up to 12 months.

But Mr Robinson said the joint statement issued by the two prime ministers was "an endorsement of the six-point plan for a united Ireland laid out last week by Dick Spring.

"Whoever it was aimed at, it was not aimed at Unionists because it is adopting a nationalist agenda."

However, ministers were heartened by the restrained reaction of Mr James Molyneaux, leader of the official Ulster Unionist party (UUP), who has made no public comment.

The British government believes that constitutional guarantees and changes to parliamentary procedures for Northern Ireland legislation may persuade Mr Molyneaux to take part in the talks.

The government is moving to set up a Commons committee on Ulster, and may also scrap the use of non-amendable orders in council for Northern Ireland legislation.

However, other UUP leaders remained wary. Mr David Trimble, the party's home affairs spokesman, said Mr Spring was guilty of "self-deception."

Mr John Major is expected to make a statement on the peace initiative in the Commons today, probably as part of a wider report on the EC summit in Brussels.

The prime minister is expected to distance the Anglo-Irish initiative from the peace proposals produced by Mr John Hume, leader of the nationalist SDLP, and Mr Gerry Adams, president of Sinn Féin, the political wing of the IRA.

Mr Hume said in a series of interviews that the SDLP/Sinn Féin proposals remained the best prospect for peace in Northern Ireland. He said it was "difficult to accept" that the Hume-Adams proposals had been dismissed by the British and Irish governments.

Mr Hume accused Mr Major of

Continued in Page 12

Terror at the Saturday dance

By Our Belfast Correspondent

IT WAS an all too familiar sight. Tearful women and children laying flowers at the scene of yet another terrorist atrocity in Ulster.

Last weekend it was the Shankill Road, on Tuesday a cleansing depot in west Belfast and late on Saturday night the tightly-knit community of Greysteel in Co Londonderry was plunged into mourning. It was business as usual on Saturday night at the Rising Sun bar and restaurant complex at the northern end of the village. The streets were bedecked with the red and white bunting of the county's Gaelic football team, which recently won the All-Ireland championship.

That had contributed to a mood of optimism in Derry in recent months. The county had been relatively trouble-free in comparison with the rest of the province. Intensive lobbying from US politicians had brought money and jobs.

Customers were packed into the lounge of the Rising Sun waiting for the band to start, shortly after 10pm, when the killers struck. Two gunmen from the outlawed loyalist para-mili-

Continued on Page 12

De Benedetti lawyers attack magistrates' arrest order

By Robert Graham in Rome

LAWYERS for Mr Carlo De Benedetti, the head of Olivetti, were seeking to make arrangements yesterday for him to hand himself over to Rome magistrates to answer corruption charges.

Mr De Benedetti was outside Italy when an arrest warrant was issued in Rome on Saturday. His lawyers, who expressed "amazement" at the warrant, said Mr De Benedetti would "simply follow his usual approach and present himself to the judges to answer their questions".

Lawyers were seeking to determine whether Mr De Benedetti would be obliged to spend time in jail before being questioned. With a public holiday today, they initially suggested that Mr De Benedetti should hand himself over on Tuesday.

The arrest warrant for Mr De Benedetti has provoked consternation in Italy among lawyers and businessmen as well in the media – not least in the daily La Repubblica, which Mr De Benedetti also owns.

At Ivrea, the headquarters of Olivetti, the unions voiced concern over the future of the telecommunications and office equipment group, which made first-half losses of L168bn (£69.79m) and is undergoing a restructuring.

The magistrates' move against one of the most prominent figures in Italian business also comes at a moment of increasing confusion as Italy's discredited political parties disintegrate.

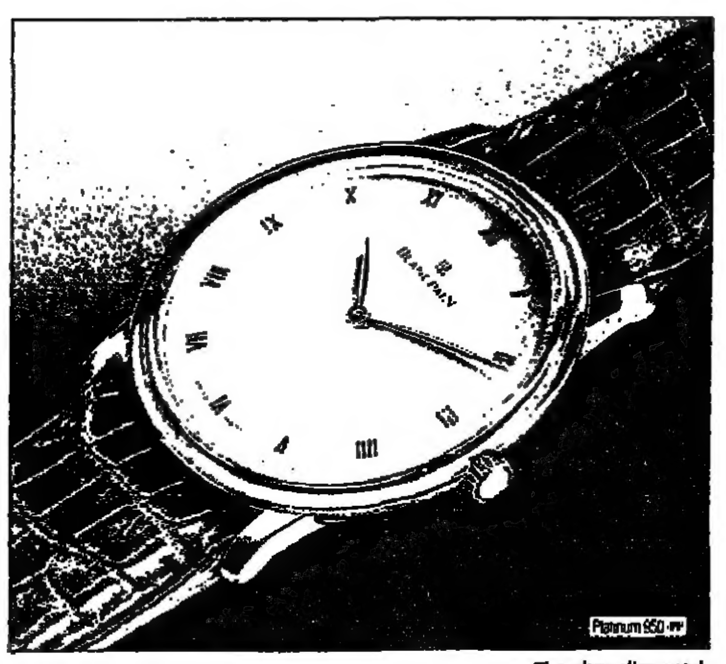
The charges against Mr De Benedetti relate to payments of L10bn made to secure ministry of posts contracts for teleprinters between 1988-91. Those have already been investigated by Milan magistrates to whom Mr De Benedetti made detailed statements in May. At the time, the Milan magistrates decided against issuing an arrest warrant.

Investigations into the post ministry have since become the competence of Rome magistrates. They have hinted that they have acquired new information suggesting that payments to secure contracts went back to 1983.

More seriously for Mr De Benedetti, the Rome magistrates have

Continued in Page 12

JB 1735
BLANCPAIN



The ultra-slim watch

SINCE 1735 THERE HAS NEVER BEEN A QUARTZ BLANCPAIN WATCH.
AND THERE NEVER WILL BE.

Catalogue and video BLANCPAIN SA CH-1348 Le Brassus, Switzerland
Tel 41-21 845 40 92 Fax 41-21 845 41 88

Austria	Sch30	Greece	Dr300	Lux	LFr65	Qatar	QR12.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft165	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lw25.00	Iceland	IKr215	Neth	Fl 3.75	Slovak Rp	KSL45
Cyprus	C£1.00	India	Rs40	Nigeria	Naira45	South Africa	R12.00
Czech Rp	CZK45	Israel	Shk5.90	Norway	NKr16.00	Spain	Pta210
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Sweden	SKr15
Egypt	E£4.50	Japan	Y500	Pakistan	Rs35	Switz	SFr3.20
Finland	FM12	Jordan	JD1.50	Philippines	Peso45	Syria	S£50.00
France	FFr8.00	Kuwait	Fils.600	Poland	Zl 32,000	Tunisia	Din1.250
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es215	Turkey	L6000
						UAE	Dh11.00

CONTENTS

© THE FINANCIAL TIMES LIMITED 1993 No 32,206 Week No 44
LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

NEWS: INTERNATIONAL

Winter of discontent looms as Europeans battle over jobs

Associated Press

Striking Air France staff last week – does their successful action herald a winter of discontent?

By Tom Burns in Madrid, David Goodhart in London, John Ridding in Paris and Quentin Peel in Bonn

WORKERS across Europe appear to have taken strength from the spectacular victory of Air France employees in forcing a government climbdown last week over cost-cutting plans for the troubled airline.

In Germany, Belgium, Italy, Spain and France, employers are facing increasing militancy as they demand job cuts and flexibility in an attempt to prune costs.

Much of the recent disruption is about job security rather than pay, and it has been directed at governments rather than private sector employers. But the wave of protest reveals potentially ominous developments for industrial peace in Europe.

The decline of trade union power in Europe appears to be no guarantee of harmony and may, indeed, have the opposite effect. France, the centre of recent disruption, has the lowest level of unionisation among countries in the Organisation for Economic Co-operation and Development.

Unionisation is higher in the French public sector than in the private sector but the weak hold that union leaders have over the rank and file, even in the public sector, prevented an early conclusion of the dispute at Air France.

All of the national protests have domestic roots, but the domino effect seems to be playing a part. In Spain and Belgium in particular, two countries strongly influenced by France, union militancy seems to have been fuelled by the success of their French colleagues.

In France itself, while the airline strike has ended, the dispute is far from over. Fresh negotiations on a new package start this week. Force Ouvrière, one of the unions which spearheaded the Air France protest, has threatened further action if the new plan is unacceptable.

Strikes are also threatened later this month at Groupe Bull, the computer manufacturer, Pechiney, the aluminium producer and several other companies listed for privatisation. Rail, post office and telecommunications workers backed a day of protest on October 12 over planned job losses and pay cuts.

In Germany, three factors have combined to raise the prospect of a bitter autumn and winter of labour unrest: the threat of mass redundancies, efforts by employers to cut labour costs, and sharp reductions planned in public spending, not least in social benefits.

The key is the looming confrontation in the 4m-strong engineering industry, where the employers have symbolically announced the termination of current wage and holiday contracts, due to expire anyway at the end of the year.

IG Metall, the engineering workers' union, has called for open conflict in the New Year, in a desperate effort to preserve real wages and generous holiday benefits.

The temperature is rising in many other sectors.

Last week in Bonn, 120,000 building workers protested against government plans to scrap their winter lay-off payments. It was the largest union demonstration in recent years.

A week before, tens of thousands of steel workers protested in the Ruhr region over reductions in social payments.

At the end of September, 60,000 coal miners demonstrated against the planned closure of the Haus Aden-Monopol pit at Bergkamen, and two weeks ago, workers occupied a power station nearby which is threatening to switch to cheap imported coal.

On Friday, unemployed workers demonstrated in more than 200 towns and cities across the country at the "destruction of the welfare state".

Among the threatened job losses are those of 14,000 at Mercedes for next year, after cuts of 22,000 in 1992 and 1993. A further 16,000 are set to go at Deutsche Aerospace. In the machine tool sector almost 50,000 jobs will be shed.

In Spain, union leaders meet government ministers on Thursday to discuss wage restraint and more flexible labour regulations but demonstrations are already planned for later this month over the very economic policies they are ostensibly negotiating.

"There is no objective reason why what is happening in France and Italy will not happen here as well," said a member of the employers' confederation who is attending the talks.

Faced with rising unemployment, the government wants to peg wage rises over the next three years to below annual inflation levels.

The unions are adamant that job security should be protected. The issue has surfaced at SEAT, Volkswagen's troubled Spanish subsidiary, where 9,000 jobs are to go.

Unrest over wage restraint is highest among 70,000 steelworkers at the state-owned INI group, following a management decision to delay salary rises.

In both Spain and Belgium the unions appear determined to reject "social pacts" restraining wages, which are ostensibly designed to create jobs. In Spain, the pact also involves an overhaul of costly dismissal procedures and in Belgium a reduction in employers' social security payments.

Such a development bodes ill for the job creation proposals which are emerging from the European Commission in Brussels.

The main argument is that the proceeds of growth have to be shared more widely and not appropriated by those in secure jobs.

But unions throughout Europe fear there is no guarantee that wage restraint will create jobs.

Four-day week 'no solution on jobs'

BUSINESS leaders in Germany warned at the weekend that introducing a four-day week in crisis-hit sectors of industry, as proposed by managers at Volkswagen, could prove counter-productive, writes *Quentin Peel in Bonn*.

Trade union leaders are divided over the plan. There have been calls for similar action in the aerospace and coal mining industries to avert threatened mass redundancies. Yet the unions insist workers cannot be expected to suffer a 20 per cent cut in their wages. Volkswagen begins negotiations this week on the option between a four-day week for its 108,000-strong workforce, or a loss of 30,000 jobs.

Mr Hans-Peter Stihl, president of the chambers of industry and commerce (DIHT), said the four-day week was "fundamentally a step in the wrong direction". "In the future we must work more, not less, if we want to remain competitive," he told the Bild am Sonntag newspaper. The four-day week only made sense if it was part-time working, with a corresponding cut in wages.

Mr Tyll Necker, president of the German industry federation (BDI), said that German industry needed cuts in real wages, not in working hours.

Mr Klaus Murmann, chairman of the employers' federation (BDA), warned last week that a four-day week was no panacea. "The necessary job reduction caused by the twin burden of recession and structural crisis may be slowed down, but it cannot be stopped."

The European Union slips quietly into life

Lionel Barber on the Maastricht treaty, which takes effect today

THE 340m citizens of the European Community may hardly have noticed, but despite the absence of fanfares, history will record that Monday, November 1, 1993, marked the entry into force of the Maastricht treaty and the birth of the European Union.

Maastricht provides for small, but potentially significant changes in how Europe does business. It will increase the powers of the European parliament, and deepen collaboration between governments on drugs, immigration and crime. It also lays the groundwork for greater co-operation on foreign policy, and provides for a move to a single European currency by 1999 at the latest.

Some of these changes look incremental; others such as the move to European economic and monetary union look doubtful, at least in the light of the recent *de facto* suspension of the exchange rate mechanism.

Maastricht's proponents insist that the treaty is one of the most misunderstood documents in modern times, perhaps because it is about as readable as a London bus timetable. Yet the opaque, bureaucratic language reflects the ambiguity inherent in a treaty which was a compromise between federally minded states such as the Netherlands and Belgium and those who jealously guard national sovereignty such as the UK and France.

The treaty contains suggestions for intensifying European co-operation on education, health and culture; but it sets clear limits against centralising tendencies in Brussels. The doctrine of subsidiarity – devolving power to the lowest appropriate national and regional level – is a double insurance for member states.

The hybrid nature of Maastricht also means that the European Community will still exist beside the new European Union. Roughly speaking, Europeans should speak of the Union when referring to the "intergovernmental" pillars of foreign policy and judicial co-operation; but they should retain the more familiar "EC" or "Community" when referring to normal EC business under the Treaty of Rome.

The obvious winner among institutions is the European Parliament. Under Article 189b, it gains the right of "co-decision" on legislation, to be shared with the council of ministers. This does not extend to core areas such as foreign policy, defence, judicial co-operation or economic policy, rather to more mundane matters such as the internal market.

A senior Commission official predicts that the legislative struggle between EC ministers and parliament could make decision-making more difficult in the short-term. One analogy is the bargaining between House and Senate in the US, with the Commission playing the broker.

Other important changes foreshadowed by the Maastricht treaty include:

- More qualified majority voting in social policy legislation. Britain has a treaty opt-out, but remains involved in discussions.
- The right of EC citizens to vote or stand as a candidate in local and European parliament elections.
- Establishment of "joint actions" in foreign and security policy, a code word for less reactive diplomacy rather than the dispatch of combat troops. Maastricht also provides for closer collaboration between the European Union and the Western European Union, the military organisation based in Brussels.
- The creation of a committee of the regions. This reflects the influence of the German Länder who were anxious not be left out in the cold; but it could again complicate decision-making if the new body gains stature.

The one institution which will be literally cut down to size is the European Commission. Under Maastricht, the Commission should comprise the president (Mr Jacques Delors) and one or two vice-presidents only, rather than the current six "veeps".

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850, Fax ++49 69 5964481, Telex 416193. Represented by Edward Hugo, Managing Director. Printer: DVM Druck-Vertrieb und Marketing GmbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu-Isenburg (owned by Hürriyet International). Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, UK. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany Advertising) Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.

FRANCE
Publishing Director: J. Rolley, 168 Rue de Rivoli, F-75044 Paris Cedex 01. Telephone (01) 4297-0621, Fax (01) 4297-0629. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

DENMARK
Financial Times (Scandinavia) Ltd, Vimmelskaftet 42A, DK-1161 CopenhagenK. Telephone 33 13 44 41, Fax 33 93 53 35.

If mainframes are obsolete, how come 40 million individuals rely on IBM Enterprise Systems every day?

Millions and millions of unique British souls.

All have their own habits and quirks, tastes and wants.

Which is why hundreds of British companies have their own IBM Enterprise System.

Because Enterprise Systems let them give individual service to huge numbers of people.

They feed thousands of money-hungry customers a minute at cash machines.

They keep supermarkets fed with food, so a sudden desire for, say, Wensleydale in Warrington, is met almost immediately.

And if you want a seat on a flight, it will probably be reserved by an Enterprise System. Instantaneously.

Along with millions of other seats a year. In fact the tasks Enterprise Systems tackle are multitudinous.

But so are the organisations that have them: water companies and breweries; manufacturers and insurers; businesses both big and small.

All they have in common is their success.

And the massive mounds of data they deal with.

That doesn't mean Enterprise Systems are the clumsy, whirring mainframes of yore.

They come in a wide range of sizes, some of them small enough for the corner of the office or factory.

All of them compatible with a huge range of systems. And every last one reassuringly resilient and secure.

We think no other system can match them.

And we're sure no other system can give your customers such exceptional service. Or be quite so individual about it.

To find out more, call Emma Silver on 0345 898898.

Or write to her at IBM United Kingdom Limited, P.O. Box 6, Havant, Hampshire PO9 1SA.

IBM
Enterprise Systems
Delivering Exceptional Service

هكذا من الأصل

هكذا من الأصل

THE UNIVERSITY OF JORDAN LIBRARY
SERIALS No. 75 220
25 JAN 1994

Yeltsin land law will attract foreign cash

By John Lloyd in Moscow

PRESIDENT Yeltsin's decree permitting land to be freely bought and sold is likely to unleash a revolution in the Russian countryside and lead to large foreign investment.

However, ambiguities in the law and action by officials hostile to land privatisation could delay or even halt its intended effect, by preserving the power of state and collective farms and preventing peasants from selling their share of farms.

Mr Yuri Chernichenko, leader of the pro-market Peasants' Party, said the decree would be meaningless unless the state pushed through collective farm sales and supported individual farmers.

Earlier decrees have cut subsidies to state farms, stopped easy loans and ordered an end to obligatory grain sales to the state – causing state farm leaders to forecast a crisis unless they receive funding. The decree, by allowing farm workers to sell and buy land, gives an incentive to create private farms which could take over from the state enterprises.

The decree appears to allow foreigners to buy land through joint ventures.

Mr Mark Borghesani of US lawyers Baker MacKenzie, said: "There is nothing in the law to prevent a foreign company buying out its Russian partner after the joint venture has acquired land. This could lead to transactions in which the Russians would be nominal purchasers on behalf of the foreign company."

While the bulk of the decree was aimed at privatising land for agricultural use, one section allows local authorities to change the use from agricultural to commercial, Mr Borghesani said. "There is now definitely a growing demand for premises – including manufacturing bases on greenfield sites. Leases are now being signed with the option to buy later – in anticipation of the land law coming into force."

However, the decree will also spark efforts to protect the present system. The Agriculture Ministry has criticised the decree as ill-thought out and premature. A senior ministry official said: "Without a precise mechanism to control the land market and give permission to sell land, farm managers can do as they please and that could breed chaos."

German far-right launches Euro-campaign

Police arrest a young militant after scuffles with police Reuter

By David Waller in Rastatt

POLICE armed with machine guns stopped and searched cars as they approached the outskirts of Rastatt in south-west Germany yesterday. Helicopters buzzed overhead and hundreds of green-clad riot-police milled about the streets.

The reason was the gathering of the Republicans, one of Germany's most prominent far-right parties and a disconcerting threat to the country's political establishment in next year's "election marathon", when there will be no fewer than 19 elections in Germany.

Mr Franz Schönhuber, the former Waffen SS sergeant who heads the party, to applause from 500-plus delegates declared the campaign for the election to the European parliament under way.

His message, well-tempered to the ears of the shopkeepers, small-businessmen and retired policemen and soldiers who swell the party's ranks, was that the Maastricht treaty on European integration was a "Versailles without war", an agreement which had sold Germany's interests down the river as effectively as the Treaty of Versailles which followed the First World War.

The German *Volk* had been denied the opportunity to vote directly on the issue, betrayed by Bonn's traditional parties in the same way that Germany's interest were betrayed by those in the political elite who put their seal to the Treaty of Versailles. The Republicans would be the only party to be campaigning in next year's European elections on a clear anti-Maastricht ticket.

Support for the Republicans in the electorate appears to have slowed down, as they have been tarred with the brush of skinhead violence against foreigners. But they only just failed to gain 5 per cent of the vote in recent elections in Hamburg.

US airline threatened with strike

By Richard Tomkins in Dallas

AMERICAN Airlines, the second biggest US carrier, faces the threat of a strike by its 21,000 flight attendants following the collapse of talks on a cost-cutting pay and conditions deal at the weekend.

The strike could cause chaos for US air travellers because it is set to begin on or before November 22, the Monday before the Thanksgiving holiday weekend – one of the busiest travel weekends.

The dispute casts a shadow over attempts by beleaguered US airlines to restore profitability through deals aimed at big cuts in labour costs.

United Airlines is currently trying to persuade its employees to agree to $4bn worth of cuts in jobs and pay in exchange for a stake of up to 60 per cent in the ownership of the company.

American Airlines has been talking to its unions for a year about new conditions of employment that would cut labour costs by 20 per cent.

UK bans Polish carrier

BRITAIN yesterday suspended flights by the Polish national carrier LOT to the UK following the breakdown of talks over flight allocations between British Airways and LOT, writes Paul Betts.

The UK Department of Transport said LOT's permit for air services to the UK was not being renewed because the airline had refused to honour existing agreements between the two countries.

But Mr Boguslaw Liberadzki, the Polish transport minister, said the talks had broken down because BA was seeking to double the number of flights between London and Warsaw at least for a trial period.

Poland would not immediately refuse permission for BA flights to land in Warsaw but he warned it might do so at midnight tomorrow.

LOT believes an increase in BA flights to Warsaw would undermine its European and transatlantic business because passengers might switch to the cheaper route via London to the US and Canada.

Northern League set to take another bastion

After decades of communist rule, Genoa is likely to fall to a regional party, writes Robert Graham

IT USED to be said that the Genoese were reluctant to buy fridges because they believed the light was still burning after the door had been closed.

They still have a reputation for being cautious and suspicious of change. But this might be about to change. On November 21, the Genoese, along with 445 other municipalities, vote for a new mayor and council. And there are signs of a growing disenchantment with the left-wing politicians who have run the city throughout the post-war era.

Opinion polls suggest that Italy's sixth largest city could fall to the Ligurian League, one of the regional political groups belonging to the Northern League, a regional autonomy movement for Lombardy. Under the fiery populist leadership of Mr Umberto Bossi, the Northern League has grown in recent years from a relatively obscurity to a party that has 40 per cent of the vote in the rich northern industrial belt. If it wins Genoa, it would be the first proof that the league can appeal to voters outside its Lombardy heartland.

The more garrulous league officials in Genoa read even more into the prospect of victory. "Winning Genoa gives a future Republic of the North its outlet to the sea," says Mr Bruno Ravera, one of the Ligurian League founders.

Since the second world war, the administration of Genoa has been dominated first by the Communist Party and latterly by its successor, the Party of the Democratic Left (PDS). Grassroots support came from the trade unions, based in the port, steelmaking and engineering.

The appeal of the left has waned with the collapse of the Berlin Wall and the decline of Genoa's loss-making state-owned industries. Nine out of ten industrial workers are in the public sector and the city's economy has been undermined by recession and the drying up of state subsidies to the port and industry.

Genoa's unemployment, at nearly 15 per cent, is double the average in northern Italy and is worsening.

Despite a magnificent setting, hugging the curves of low mountains that drop steeply to the sea, the city has an air of melancholy neglect. The infrastructure has been punished by two consecutive years of heavy flooding.

The historic centre has been dubbed by some the Casbah because of the 20,000 immigrants living there. Most are North African and and many are illegal immigrants. The area has been patrolled by 500 police on 24-hour duty since riots last summer, the worst racial conflicts seen in Italy.

Last year's celebrations for the 500th anniversary of Columbus's discovery of the New World occasioned an expensive renovation of the port and a brief recovery of local pride. But funds have run out to finish the city's metro rail network and it has emerged that the claimed "1.7m" visitors were inflated by about 1m.

Symbolic of Genoa's plight is the elegant glass-structured Sheraton Hotel, unopened because of lack of clientele.

As elsewhere in Italy, magistrates are investigating corruption in various public works contracts. The previous city administration was dissolved in May following accusations of corruption against Mr Claudio Burlando, the mayor. Although it seems a zealous magistrate may have overstepped the mark in having the mayor arrested, the accusations besmirched the previous administration. As a result "clean honest government" is on the lips of all those in the electoral contest.

In an attempt to adopt new clothing, the left has formed a "progressive alliance". The PDS has chosen to back an independent candidate for mayor, Mr Adriano Sansa, a well known local judge, and has obtained the support of the cross-party reformist grouping, Democratic Alliance, plus the Greens. Polls give Mr Sansa 38 per cent of the vote.

But the league has crept up, pushing aside the Christian Democrats and their allies, and now holds about 36 per cent of the vote. "This is a contest between the league and the PDS," says Mr Enrico Serra, the 59-year-old orthopaedic surgeon who hopes to be the league's first mayor. "It's a vote between the old and the new."

Their platforms are remarkably similar: an emergency programme to deal with flood damage; reorganising the city administration; improving the crumbling infrastructure and renovation of the historic centre. But when it comes to emphasis and style, the differences are marked.

The league wants to look in detail at the books of the previous administration, believing there are L700bn (£290m) worth of questionable operations. "We want to provide a transparent administration, that offers real services, and of course we will privatise as much as we can," says Mr Serra. The league will seek to prune the 16,000 workforce on the city's payroll.

Mr Sansa puts the emphasis on a more efficient use of resources and seeking new investment to create jobs. He wants tighter immigration policies but is alarmed at the more extremist among the league who are demanding mass expulsions.

Under new laws approved in March, mayors are directly elected and are able then to control the formation of the councils. If no one obtains an outright majority in the first round, there is a run-off. In Genoa a run-off is very likely.

Although Mr Sansa is in the lead, it is not clear how he can boost his support in the run-off without turning to the hard-line marxists, Reconstructed Communism. In Genoa, they hold 9 per cent of the vote. In contrast the league will be looking in the second round to the centre, especially the Christian Democrat vote.

Two factors may tip the scales in the league's favour. The Genoese blame last month's flood disaster on the failures of the previous city council, and the league is picking up protest votes among the self-employed and shop-keepers who are furious over the government attempts to tighten up on tax evasion.

Maria Kaffa, Controller of Organon and Organon Teknika, Greece.

I belong

"Sentimentality is not something you expect in a financial controller. Yet whenever I see the Akzo logo, I feel it's welcoming me into the family. It's based on an old Greek sculpture and perhaps that makes it special to me. We Greeks really value that good old family feeling. At other multinationals I worked for, headquarters seemed very distant. As if all they were interested in were my balance sheets. At Akzo I feel I belong. The rules are clearly defined but give a lot of freedom. I'm encouraged to have my say and not just about money matters. Being involved beyond the call of duty - for me that's a crucial element in creating the right chemistry."

Akzo is one of the world's leading companies in selected areas of chemicals, coatings, fibers and health care products. Some 60,000 people, active in 50 countries around the world, make up the Akzo workforce. For more information, write or call: Akzo nv, ACC/F11, P.O. Box 9300, 6800 SB Arnhem, the Netherlands. Telephone (31) 85 66 22 66.

CREATING THE RIGHT CHEMISTRY

AKZO

NEWS: INTERNATIONAL

Crunch has come for S Africa's power-sharing constitution

Proposals look more like majority rule than National party supporters could have imagined, says **Patti Waldmeir**

"IF YOU'RE scared of majority rule, vote Yes". That was the promise the ruling National party in South Africa made to its white supporters during last year's national referendum campaign: vote Yes for a constitution entrenching minority rights and preventing majority domination; vote Yes, and prevent majority rule.

Those who did, two-thirds of white voters, are in for a shock. The new constitution negotiated by the National party and the African National Congress, due to be finalised shortly, looks far more like a majority rule constitution than any National party supporter could have imagined.

As promised, the constitution is based on multi-racial power-sharing in the executive, in the legislature, and between central government and the regions. But the share of power guaranteed to minorities is considerably less secure than that originally demanded by the National party. This could provoke a revolt among traditional party supporters and new recruits from minority communities, who may see the deal as a sell-out to the ANC.

That deal – on the first post-apartheid constitution, likely to remain in force until the end of the decade – is now all but done. Within a week, ANC and National party negotiators expect to have finalised joint constitutional proposals which go to a technical committee for drafting. They will then try to sell that constitution to the right-wing Freedom Alliance, which so far seems disposed to reject it.

It seems likely that parliament will endorse a new constitution within a month to six weeks, in time for the first all-race elections on April 27.

That constitution will enshrine a multi-party government of national unity for the first five years. But within that government, the power exerted by the National party, standard-bearer of white and other minority interests, seems likely to depend largely on the goodwill of the ANC and of Mr Nelson Mandela, its leader.

Far from entrenching an effective minority veto over cabinet decisions on fundamental matters – long the National party's bottom line – President F W de Klerk appears willing to accept a voluntary arrangement, which would have no constitutional force, under which Mr Mandela promises not to act on crucial issues without Mr de Klerk's assent.

The National party would have one further mechanism for blocking majority decisions in cabinet: where consensus could not be achieved informally within an inner cabinet of the main leaders, a vote would be taken.

The power exerted by Mr de Klerk's party seems likely to depend on the goodwill of the ANC and Mr Mandela

The exact percentage required to pass decisions in areas such as finance and state security has yet to be agreed: but the ANC is insisting it be 60 per cent, and National party negotiators say they may accept this. If they do, the party alone could probably not block cabinet decisions. Its share of cabinet seats would reflect the party's share of the national vote – current opinion polls put NP support at 12 to 20 per cent.

Even voting with potential allies in the cabinet (each party with at least 5 per cent of the vote would have proportionate cabinet representation), Mr de Klerk might not be guaranteed blocking power.

Government negotiators believe that the ANC and NP share common goals for the government of national unity, including agreement on the need to restore stability. Most of all, they believe assurances from ANC leaders including Mr Mandela that the ANC does not think itself capable of governing alone. So Mr de Klerk seems to be willing to abandon the rigid entrenchment of minority power in cabinet, in favour of a primarily voluntary form of power-sharing which he thinks will give him more influence in fact, if not in law.

But if, after more than three years of constant negotiations, he and his officials have lost their fear of the ANC (government and ANC negotiators even shared bungalows at their recent bush summit, and relations are very cordial) the same cannot be said of much of the white electorate. Nervous whites wonder whether cosy unwritten agreements between Mr Mandela and Mr de Klerk would survive a landslide ANC election victory, and they question whether the spirit of national unity which inspires the current negotiations will endure when the new government starts to take hard policy decisions.

NP officials say they will sell the constitution as a package which, taken together, fulfils the referendum promise of protecting minority rights and preventing majority abuse of power. They point to a bill of rights which substantially protects individual economic and political rights against state abuse; and substantial devolution of power to regional governments, aimed at weakening central government and its ability to dominate.

But what Mr de Klerk has dubbed a "federal" constitution in fact reserves very strong powers for central government. True, substantial powers are devolved to regional governments in areas such as education, policing, health, housing, welfare, but central government reserves the right to intervene in these areas to impose uniform national norms and standards, to ensure proper regulation, to protect the national economy or national security.

In short, the constitution authorises central government to intervene in terms so vague as to undermine regional autonomy. And with regions barred from imposing taxes without central government approval, it is hard to accept Mr de Klerk's claim that the new state will be "federal".

In the end, the best way to protect minority rights may be, as government negotiators claim, for whites to prove that they are indispensable to the new government. Officials believe they can build more power this way than by entrenching the minimum rights needed to survive.

But success will depend on the number of white, coloured (mixed-race) and Indian voters willing to take the same gamble. If minority voters desert the National party in droves, it will not have the electoral strength to claim the role agreed with Mr Mandela. Indeed, with white support for the party at an all-time low and attempts to muster black support going badly, there is an outside possibility that the NP could come third in a national election, behind the right-wing Freedom Alliance which includes the mainly Zulu Inkatha Freedom party, the white supremacist Conservative party and the nationalist Afrikaner Volksfront.

Still, it is hard to imagine the Freedom Alliance surviving tensions between black conservatives and white racists long enough to fight an election together. At the moment, the greater risk seems to be that the Freedom Alliance could oppose elections altogether, and launch something to close to a civil war. Alternatively, some members might choose to oppose the constitution but fight the elections anyway.

The next few weeks are crucial as the intentions of the Freedom Alliance become clear. At last, the crunch has come.

Jewish riots over murder of settler

By David Horovitz in Jerusalem

THOUSANDS of Jewish settlers set Arab homes alight, stoned Arab cars, blocked roads and burnt tyres at the weekend in response to the murder of a Jewish settler by Islamic militants on Friday. It was the worst violence in the occupied territories since Israel and the Palestine Liberation Organisation signed their autonomy accord in September.

Spokesmen for the 130,000 Jewish settlers in the West Bank and Gaza Strip declared "a Jewish intifada" – an ongoing effort to disrupt Palestinian daily life throughout the occupied territories, as Palestinians had done in their years of uprising.

At a meeting in Jerusalem, settlement leaders agreed to continue blocking West Bank roads and disrupting Palestinian traffic. They also demanded an apology from Mr Yitzhak Rabin, prime minister, over remarks in which he implied a comparison between the opponents of the autonomy accords on both sides – Hamas and the settlers. Mr Rabin had stressed the need to stand firm against the "enemies among the Palestinians . . . and the opponents among the Jews".

Mr Benjamin Netanyahu, leader of the main opposition Likud party, called the implied comparison "scandalous" and urged Mr Rabin to resign if his government could not properly protect the settlers. There were similar calls at yesterday afternoon's funeral of Mr Haim Mizrahi, the settler who was abducted and stabbed to death by Hamas militants.

Mourners carried signs saying "Death to Hamas", condemned the government over last week's release of hundreds of Palestinian prisoners, and called for the scrapping of the autonomy programme.

Also on Friday, Palestinian gunmen shot dead Mr Ahmed Oudeh, a West Bank Palestinian land dealer who was said to have been selling Arab land to Jewish settlers. Yesterday in the Gaza Strip, an Israeli shot dead a 21-year-old Palestinian, Mr Tamer Zeyara, who had stabbed him in the hand and back, apparently in an argument over work.

Associated Press

Police arrest a young right-wing demonstrator outside Rabin's Tel Aviv home over the weekend

Chinese shot in corruption purge

By Tony Walker in Beijing

CHINA executed seven officials over the weekend, including the mayor of a small town in southern Henan province, as a nationwide anti-corruption drive gathered pace. Dozens of bureaucrats have been shot recently for crimes ranging from bribe-taking to extortion and embezzlement.

People's Daily, the Communist party newspaper, hailed the executions as "another achievement" for the party and the "entire Chinese people".

"To severely punish corrupt leading officials according to law is absolutely necessary for ensuring the purity of our party and state power, maintaining social stability and promoting the establishment of a socialist market economy," the paper said.

China launched its anti-corruption drive several months ago in the face of widespread grumbling among citizens about official graft and bribe-taking. The campaign has taken on some of the characteristics of a national crusade led by a Communist party desperate to shore up its public support.

Members of the Standing Committee of China's parliament, the National People's Congress, meeting at the weekend, charged that "corruption had reached an alarming rate in China, damaging the Party style and harming the image of the party and the government. It had also eroded social conduct".

Mr Li Ligong, a Standing Committee member, urged that the anti-corruption campaign should be carried out regularly and be institutionalised. "The masses should be fully mobilised to inform on offenders," he declared.

According to China's prosecutor general, corruption is rife among Communist party officials. He reported to parliament last week that in one out of 10 criminal cases investigated in the first nine months of this year, offenders were Party or government officials.

By September, 5,040 party and government officials, including 20 at department or city level, and one at vice-ministerial level, were charged with committing crimes such as embezzlement.

India furious at US remarks on Kashmir status

By Stefan Wagstyl in New Delhi

A DIPLOMATIC row has erupted between the US and India about an American State Department official's remarks questioning the status of the troubled northern Indian state of Jammu and Kashmir.

India has reacted angrily to the official's comment last week questioning the validity of Kashmir's accession to India in 1947.

The row comes at a sensitive time with the siege of the Hazratbal mosque, Kashmir's holiest shrine, entering its third week. Hundreds of Indian troops surround the mosque, which was seized by separatist Moslem militants on October 15.

Efforts to negotiate a settlement and secure the release of an estimated 100 to 150 pilgrims trapped inside the mosque have repeatedly foundered over the militants' demands for safe passage. The Indian authorities want them to surrender.

If part of the militants' plan was to focus international attention on their fight to break away from India, they have succeeded. Pakistan, India's hostile neighbour which claims Kashmir for itself, has protested about the mosque siege. The issue was raised at last month's Commonwealth heads of government meeting in Cyprus. Now the US official's comments have prolonged the international debate.

The official – Miss Robin Raphael, an assistant secretary of state – said at a press conference last Thursday: "We view Kashmir as a disputed territory and that means we do not recognise the Instrument of Accession as meaning that Kashmir is for evermore an integral part of India. There were many issues at play in that time frame as we all know."

Miss Raphael was referring to the controversial way in which the last Maharajah of Kashmir acceded to India.

Indian ministers at the weekend rejected Miss Raphael's remarks angrily. Mr Dinesh Singh, the minister for external affairs, said no one had the right to question the status of Kashmir as an integral part of India.

US officials insist there has been no change in American policy. They point out that Washington has long regarded Kashmir as "disputed territory".

However, it does seem that Miss Raphael committed a gaffe in repeating Washington's view in strong language at a sensitive time.

Kenya abolishes maize monopoly

By Leslie Crawford

PRESIDENT Daniel arap Moi of Kenya at the weekend abolished the government's maize import and marketing monopoly, a reform demanded by donors who meet this month to hear Kenya's plea for restoration of international aid.

The liberalisation of the maize trade allows private traders to import the staple crop and distribute it freely across the country.

The decision, resisted by the National Cereals and Produce Board, appears to have been prompted as much by the need to placate donors as by a crop failure this year. Mr Moi indicated that the government's foreign exchange reserves were only enough to cover Kenya's immediate emergency food needs, which he estimated at 300,000 tonnes. Long-term food stability would depend on the efforts of Kenyans themselves.

US aid officials criticised Mr Moi's announcement for not including the deregulation of price controls. Nevertheless, the deregulation of the maize trade marks a victory for IMF and World Bank officials, who are currently in Nairobi designing a new economic reform programme for Kenya's donors' conference on November 22.

Previous attempts to reform the sector have been resisted by the NCPB, which has a monopoly over maize trade.

● Sudan's President Omar Hassan al-Bashir has sacked Mr Abdel-Rahim Hamdi as finance minister, Reuter reports from Khartoum. He had been closely associated with tough economic reforms welcomed by the IMF but unpopular among Sudanese because of price rises.

Opec may revise pact on output

IRAN said yesterday that the Organisation of Petroleum Exporting Countries would have to re-examine its September output agreement and cut its ceiling if oil prices did not recover, Reuter reports from Bahrain.

"If the price weakens further, there should be a new discussion on the ceiling," Mr Gholamreza Aqazadeh, oil minister, said in a statement.

"If this [current] ceiling does not lead to stronger prices, there should be a revision."

It was believed to be the first open statement from within Opec that the agreement, which set a ceiling of 24.52m barrels per day for October to March, might need revision.

Opec members have looked in dismay as the market has chipped tens of millions of dollars off their collective daily revenue.

North Sea Brent prices fell below the $16 per barrel level on Friday. The price for December delivery closed in London at $15.80.

Algerians free French hostages

Algerian security forces have secured the release of the three French hostages kidnapped in Algiers a week ago, Reuter reports from Algiers.

The Algerian and French governments did not immediately say how or where Mr Jean-Claude Thevenot and Mr Alain Freissier were found. As the two men arrived back in Paris last night Mr Alain Juppé, French foreign minister, said the third, Mrs Michèle Thevenot, was at the French embassy in Algiers.

Critical week in N Korea nuclear inspection row

By John Burton in Seoul

A TURNING point may be reached this week in a looming crisis over the international inspection of North Korean nuclear facilities.

North Korea is under growing pressure to allow International Atomic Energy Agency inspectors renewed access to its nuclear facilities at Yongbyon since the agency's monitoring cameras are expected to run out of film soon.

Pyongyang recently broke off negotiations with the IAEA on the inspection issue, claiming the agency was biased.

Mr Hans Blix, the IAEA director-general, is due to report on the North Korean nuclear issue to the UN General Assembly today.

He is expected to say North Korea is hampering the agency's ability to verify that Pyongyang is adhering to the nuclear safeguards accord, but to stop short of declaring that the continuity of inspections has been broken.

The General Assembly is then expected to debate a resolution urging Pyonyang to continue IAEA inspections.

This could eventually set the stage for the UN Security Council to consider the question of imposing economic sanctions on North Korea for failing to carry out its obligations under the nuclear non-proliferation treaty (NPT).

But China has recently indicated that it would block a sanctions resolution, while Russia and Japan are also believed to have reservations.

The US has been holding discussions with North Korean representatives at the UN in New York since mid-October to persuade Pyongyang to allow resumption of the routine IAEA inspections that began last year.

North Korea is seeking an end to the Team Spirit military exercise, which is held annually each spring in South Korea by the US, in return for allowing the entry of the IAEA inspection team, according to South Korean officials.

But the US wants North Korea to accept the IAEA inspectors and arrange a meeting of presidential envoys with South Korea before the 1994 Team Spirit manoeuvres are cancelled.

Airbus loses $590m Sri Lanka order

By Paul Betts, Aerospace Correspondent

THE Sri Lanka government is to cancel an order for five Airbus A340 long range aircraft worth $590m (£391m) for its national airline Airlanka.

The decision is a further blow to the European Airbus consortium which has suffered more cancellations so far this year than new aircraft orders.

The current prolonged recession in the commercial airliner business has prompted a call from Mr Jean Pierson, the Airbus managing director, for a reform of the consortium's structure to increase its overall competitiveness. It won only 23 new orders during the first nine months of this year.

Mr Ranil Wickremasinghe, the Sri Lankan prime minister, said in a weekend newspaper interview in Colombo that the government had informed the World Bank of the decision to cancel the A340 orders.

The original purchase had been criticised by the bank and Sri Lankan opposition leaders as extravagant. However, Mr Wickremasinghe said the government was open to renegotiating a contract with Airbus "if conditions are acceptable".

Airbus officials are understood to have met Mr Sepala Attygalle, Airlanka's chairman, last week to discuss the possibility of a more favourable contract for the airline.

Sweet and sour tastes in colonies rejoining China

Good relations over Macao contrast with friction over Hong Kong, writes **Simon Holberton**

OFFICIAL visits are a time for gilding lilies, but the contrast between Macao, the Portuguese colony which reverts to Chinese sovereignty in 1999, and Hong Kong could not have been greater.

At the weekend Chinese government officials were falling over themselves with praise for Portugal and its President Mario Soares, who concluded a three-day visit to the colony yesterday.

Mr Guo Dongpo, the head of China's Xinhua news agency, Beijing's *de facto* representative in Macao, praised the good relations between the two countries. His colleague Mr Guo Jiading, who leads the Sino-Portuguese Joint Liaison Group overseeing the transition, said the two sides were in complete agreement about matters relating to the transfer of the colony.

That cannot be said for Hong Kong, which an hour away by hydrofoil lies on the western side of the Pearl River estuary. Talks between Britain and China about Hong Kong's political development are mired. Over recent days British officials have let it be known that, if there is no movement from China towards a compromise, talks may break down as early as next month.

Portugal's position on its south China coast colony has always been different from Britain's. While Britain took Hong Kong from China in 1842 following the first Opium War, Beijing has always tolerated Macao and has always exercised much greater political influence over Macao.

Settled in 1557, the two islands and peninsula which constitute the colony were accepted by the Ming and Qing emperors who, for reasons of trade, allowed the settlement to flourish. So, too, have China's Communist rulers.

When the socialists took power in Portugal in 1974, it was the Chinese government which had to persuade the Portuguese to stay. As with Mozambique and East Timor, Portugal's new government wanted out – and quickly.

A secret deal between the two was concluded in Paris in 1979 whereby Portugal agreed that Macao was sovereign Chinese territory and agreed to administer it until China wanted it back. This agreement was revealed only in 1987, when the two agreed that Macao would revert to China in 1999.

Over the weekend Mr Soares sought to bolster confidence in the colony, saying that he had full confidence in Macao's future under Chinese rule. Although the crowds flocked to see the Portuguese president, few among the Chinese community will mourn the passing of Portuguese administration.

Earlier this year a Cantonese talk-back radio show was summarily taken off the air after many of the callers rang in to criticise the Portuguese administration. Businessmen find the colonial government unnecessarily bureaucratic. "I try to have the least to do with the government as possible," said one, adding he preferred to cut deals with mainland partners.

One of the few areas of conflict between China and Portugal is over the issue of localisation of the civil service. Little has been done to date, possibly reflecting the fact that the governorship of the colony and the top posts in government are rewards given by Lisbon to loyal supporters at home.

China's involvement in Macao's economy is every bit as great as – possibly greater than – its role in Hong Kong's economy. An attraction for many mainland officials and businessmen is that Macao has no publicly quoted corporate sector, relieving them of the irritant of disclosure.

According to one western banker in the colony, the mainland Chinese business interest in Macao is dominant. "They have a very solid presence in Macao and a very influential one," he said.

Bank of China is the largest bank, controlling about half the banking assets in the colony. Xinhua, unlike its opposite number in Hong Kong, is highly visible and active in business, especially trading and property development.

As in economy, so too in politics, where Beijing holds the whip hand. Elections last year for 16 of the Macao Legislative Assembly's 26 seats saw a virtual clean sweep for pro-Beijing politicians. There is little popular agitation for greater democracy, as there is in Hong Kong.

Underlining Beijing's position in Macao is the power of the head of Xinhua. Since the Cultural Revolution of the late 1960s he has been *de facto* governor of the colony. Last year his status was upgraded. Mr Guo Dongpo no longer has to report to Beijing through the head of Xinhua in Hong Kong.

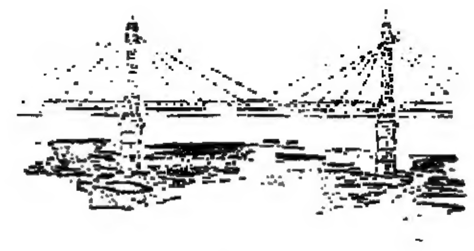
هكذا من الاصل

هكذا من الاصل


Westminster Bridge


Victoria Railway Bridge


Waterloo Bridge


Battersea Bridge


Chelsea Bridge


Tower Bridge


London Bridge

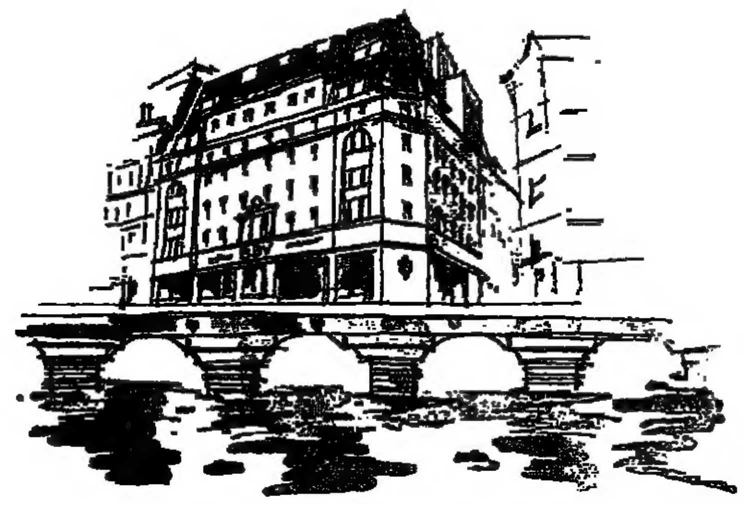

Blackfriars Bridge


Southwark Bridge


Vauxhall Bridge


Lambeth Bridge


Serpentine Bridge


Banco Bilbao Vizcaya

For 75 years only one London bridge has reached as far as Spain: The BBV bridge.

When it comes to business, the most direct route to Spain lies with BBV, Banco Bilbao Vizcaya.

We were the first Spanish bank to open a branch in London, way back in 1918. A prime example of the international outlook of a bank used by 78% of all multinationals operating in Spain.

BBV is the top Spanish bank in capital markets business, according to Euromoney magazine, number one in corporate banking, and in the Greenwich report the preferred bank of large-scale investors.

BBV is also the bank with the greatest operating capacity at home and abroad. And of all spanish banks the one with the largest network of dealing centres.

So with more than 8 million customers all over the world, and 3.000 branches in Spain, no wonder we're the world's leading peseta bank.

BBV

BANCO BILBAO VIZCAYA

Think of Spain and you think of BBV.

CITY	KNIGHTSBRIDGE	COVENT GARDEN	NEW COVENT GARDEN
100 Cannon Street EC 4	142 Brompton Road SW3	40 King Street WC2	1 Nine Elms Lane SW8

EUROPE: London • Paris • Amsterdam • Frankfurt • Brussels • Milan • Moscow • Rome • Zurich • Lisbon. AMERICA: New York • San Francisco • Miami • Mexico D.F. • Nassau • Gran Cayman • Buenos Aires • Rio de Janeiro • Bogota • Santiago de Chile • Caracas. ASIA: Iran • Tokyo. SUBSIDIARY BANKS: Germany • Belgium • Switzerland • Andorra • Gibraltar • Jersey • Morocco • Portugal • Panama • Puerto Rico. LISTED ON: New York • Frankfurt • London • Tokyo • Zurich and Madrid Stock Exchanges. MEMBER OF SFA.

Military aim to tighten grip in Haiti

By Canute James in Kingston

HAITI'S military leaders, who successfully defied international efforts to have exiled President Jean-Bertrand Aristide reinstalled on Saturday, plan to consolidate their rule by making Mr Aristide constitutionally redundant.

Parliamentarians and businessmen who supported the military which overthrew Mr Aristide two years ago, say that by failing to return the president has defaulted on a United Nations-brokered agreement which he signed in July.

Mr Aristide's opponents plan to replace him with a provisional president, and then to call a presidential election. In Port-au-Prince, Haiti's capital, armed men in plain clothes, widely held to be an unofficial arm of the police, fired guns in the air on Saturday, celebrating the president's failure to appear.

Mr Aristide's return has been frustrated by the military leaders' refusal to step down in keeping with the July agreement. They also refused to provide protection for parliamentarians supporting the president, thwarting attempts to pass amnesty legislation which the military demanded.

The military's new ploy is likely to force the UN to take stronger action than the embargo on oil and arms shipments implemented a fortnight ago to force the military leaders to step aside. Mr Aristide, who says the UN agreement is still valid, asked the UN last week to tighten the embargo.

The UN Security Council said on Saturday it was insisting on complete compliance of the agreement for Mr Aristide's return to office, and threatened to tighten sanctions. The Security Council condemned General Raoul Cedras, Haiti's military leader, for violating the agreement.

Mr Robert Malval, the prime minister appointed by Mr Aristide, has backed away from a declaration that he would resign if the president did not return by Saturday. He now says he will stay in office to fight for Mr Aristide's reinstatement.

Banking for the people down Mexico way

Nancy Dunne on democracy in the planned Nafta bank

PROPOSALS for a North American Development Bank, endorsed last week by the Clinton Administration, will create an institution with "the most transparent and democratic structure in the history of development banking," according to Mr Raul Hinojosa, who helped draft the plan.

The bank, intended to ease US-Mexican problems stemming from the North American Free Trade Agreement, seeks to "avoid all the problems of the marble palaces" which house other development banks by sharing building space with the Inter-American Development Bank. To curb any expansive new bureaucracy, it will also get technical aid from the IADB.

Nadbank will not only finance environmental and infrastructure projects but also fund enterprises in communities hit hard by Nafta. The Clinton Administration can argue that without Nafta, there will be no lending institution to aid towns whose factories have moved to Mexico.

The blueprint for Nadbank gives labour, environmentalists, and church and civic groups an unprecedented voice in the institution's affairs. Along with business and government representatives, they will be appointed to serve on the bank's advisory and review committee "to provide input and guidelines at all stages of the loan granting process."

The US and Mexican governments each will appoint three representatives to the bank's board. But they will also have to deal with an ombudsman, appointed by the advisory committee, to provide independent inspection of Nadbank's operations. Conservatives are likely to view with distaste adding "another level of bureaucracy" to involve the bank's clients. Mr Hinojosa acknowledges that democratisation may slow operations but "it will be well worth it, if it means providing more effective proposals from grassroots up rather than top down."

A visiting scholar this year at the IADB, Mr Hinojosa has worked on the Nadbank blueprint for two years with two economics professors from the University of California at Berkeley, Mr Sherman Robinson, now on the Council of Economic Advisers, and Mr Albert Fishlow. All three toiled in the Clinton campaign and transition team, determined to promote "an alternative vision of what Nafta should be about," said Mr Hinojosa.

Like other development banks, Nadbank will undertake a leveraging of its resources far beyond its paid-in capital – \$225m each for Mexico and the US. Callable capital – that which each country promises to provide on demand – will be \$2.55bn.

Up to \$6.5bn in funding will also come from other US government programmes such as the Small Business Administration and Farmers Home Administration. Other funds will come from the World Bank (\$1.8bn), the Mexican government (\$2.2bn) and the Inter-American Development Bank (\$200m). More will come from issuing bonds on the capital market, so that total project financing with private leveraging is expected to be \$20bn or more.

The bank's initial priority will be financing environmental and development projects along the border. But two other facilities will provide up to \$200m each to non-border communities in Mexico and the US.

Announcement of Nadbank was applauded by pro-Nafta environmental groups. Mr Peter Berle, president of the National Audubon Society, said it would be "more flexible and its mission broader in scope" than a border clean-up fund, originally proposed by the Administration.

"With Nadbank not only will water infrastructure projects be funded but important issues such as housing, displacement of agricultural workers and general readjustment funding will now be addressed," he said.

The Administration's endorsement of Nadbank was particularly a triumph for California Congressman Esteban Torres, but it was a painful victory. He and other Hispanic leaders had been pushing the concept for months as part of the price for their support of Nafta. When the deal was done, he received a visit from a large group of old friends in the labour movement, who beseeched him not to endorse Nafta.

But Mr Torres also felt the pull of his Hispanic-based constituency, which is torn over Nafta between job loss worries and a pride that Americans and Mexicans have sat down to the bargaining table and cut a deal as equals.

"This new-found respect has got to help improve the image and prestige of Hispanic Americans," said Mr Raul Yzaguirre, president of the national council of La Raza, the nation's largest Hispanic organisation and one of the three Hispanic groups to endorse Nafta last week.

Mr Yzaguirre spoke of the pact's potential for turning his community's liabilities into assets. "For perhaps the first time in my lifetime, being bilingual in Spanish and English will be an advantage, rather than a disadvantage in the labour market and in the corporate boardroom."

Nadbank was expected to bring a number of the 18-member Hispanic caucus to the Nafta side in the House, but last week it was Mr Torres alone who announced his support. The others could be holding out for more Administration favours, as Nafta supporters say, or they may find that even their dream development bank is not worth the risk of losing their union friends.

Iraqgate affair official dies in Washington

By Alan Friedman in New York

MR Frank Lemay, the US State Department official who warned the Bush administration that Iraq was misusing US government-backed loans to fund its nuclear weapons project, has died in Washington at the age of 36.

Mr Lemay, who succumbed to complications from Aids, last year testified about the Iraqgate affair before the House Judiciary Committee. His testimony spurred congressional calls for a special prosecutor for the scandal.

Mr Lemay went before Congress after Democratic legislators revealed a 1989 memorandum of his in which he reported that funds from the Atlanta branch of Italy's Banca Nazionale del Lavoro (BNL) were being diverted by Baghdad for its war machine.

The Lemay memo said: "If smoke indicates fire, we may be facing a four-alarm blaze in the near future." The memo was considered so sensitive that it was stamped "not for the system" when it reached aides to Mr James Baker, the then secretary of state.

Venezuela gas blast arrests

A Venezuelan criminal court judge issued warrants at the weekend for the arrest of 19 people, including executives of GTE and AT&T in Venezuela, as part of an investigation into a gas pipeline explosion outside Caracas that killed about 50 people, writes Joseph Mann in Caracas

The explosion on September 28 occurred allegedly when an excavating machine digging a trench for fibre-optic cable struck an underground natural gas pipeline. CANTV, the privatised telecommunications company run by a consortium headed by GTE of the US, contracted AT&T Andinos to lay the fibre-optic cable.

AT&T sub-contracted a Venezuelan company, Abengoa, to carry out the work. The pipeline is operated by Corpoven, a subsidiary of the national oil company PDVSA. No one has accepted responsibility.

Jesse Jackson, left, at a weekend rally embraces David Dinkins whom he is backing for re-election as New York mayor Reuter

Argentine minister visits UK

By John Barham in Buenos Aires

ARGENTINA'S foreign minister, Mr Guido di Tella, begins a three-day official visit to Britain today, the second by an Argentine minister this year and an indication of rapidly improving ties.

He will see Mr John Major, the prime minister, Mr Michael Heseltine, trade and industry secretary, and Mr Douglas Hurd, foreign secretary. He will also meet opposition politicians and business leaders.

In September, Mr Domingo Cavallo, economy minister, made the first official trip to Britain by a minister since the 1982 Falklands war. Three British cabinet ministers have visited Buenos Aires this year.

Relations began improving after President Carlos Menem took office in 1989 and adopted pro-western foreign policies and free market economics. However, the unresolved dispute over the Falklands means that Mr Menem is unlikely to be invited to London soon.

Mr Di Tella is trying to win over the Falkland islanders by convincing them that Argentina has changed for the better. He has met Falkland representatives and broadcast to the islands via the BBC World Service. But suspicious Falklanders reject his advances and Britain refuses to discuss the islands' political future.

The two sides have agreed on other questions, principally fisheries, the Falklands' main source of revenue. Mr Di Tella will sign a new one-year fishing agreement.

However, Britain refuses to lift its arms embargo preventing Argentina from replacing aircraft shot down in 1982.

British Steel in Indiana contract

BRITISH STEEL has won its first overseas contract for a pioneering technology that reduces the amount of coke needed in blast furnaces, writes Andrew Baxter.

Bethlehem Steel, one of the largest US steelmakers, is to install a system for injecting granular coal into the two blast furnaces at its Burns Harbor plant in Indiana.

The technology has been in use at British Steel's Scunthorpe works for about 10 years. Cokemaking is a capital-intensive and environmentally sensitive process, but granular injection reduces the amount of coke required for iron-making by up to 40 per cent.

Simon Macawber, the Doncaster iron and steelmaking equipment supplier, will make and install the equipment at Burns Harbor. British Steel will provide training, operating and technical assistance in the early production phase and will receive royalties.

Banking on a cure for Japan's sick economy

MR YOH KUROSAWA, president of Industrial Bank of Japan, is unusually willing to criticise Japan's policymakers. In an interview in yesterday's Observer newspaper published in London, he attacked the government for failing to take sufficient measures to boost Japan's ailing economy. He called for a Y10,000bn to Y15,000bn (£62bn to £93bn) income tax cut – the government is rumoured to be considering a Y5,000bn cut – and a further half point reduction in the official discount rate.

But Mr Kurosawa's words, like the Japanese economy, are difficult to read. While the IBJ president's policy prescriptions are bold, they do not step too far outside the consensus: fiscal policy is still the preferred option for reviving Japanese growth, both in Tokyo and among Japan-watchers in the US Treasury. Yet, up to now, Japan's fiscal activism has not had much success. Three fiscal packages over the past year have consumed Japan's general government budget surplus, but they have not produced an economic revival. The OECD forecasts that the Japanese economy will not grow at all this year, industrial output and retail sales are still registering year-on-year falls and broad money growth remains sluggish.

A year ago, the focus of policymakers was on the unhealthy state of Japan's banking sector. Excessive lending to property companies by the banks and their non-bank subsidiaries in the late 1980s, followed by the collapse of the stock market and property prices, had left the banks with substantial non-performing loans. Official government figures said the bad debts of the leading 21 banks totalled Y13,300bn, slightly less than in the US when bad debts reached their peak and much less than in the severely indebted Scandinavia. But Tokyo bankers acknowledged that the truth was much worse: counting in the debts of non-bank subsidiaries, and adjusting for Japan's more restrictive bad debt definition, suggested a total three to four times the official level.

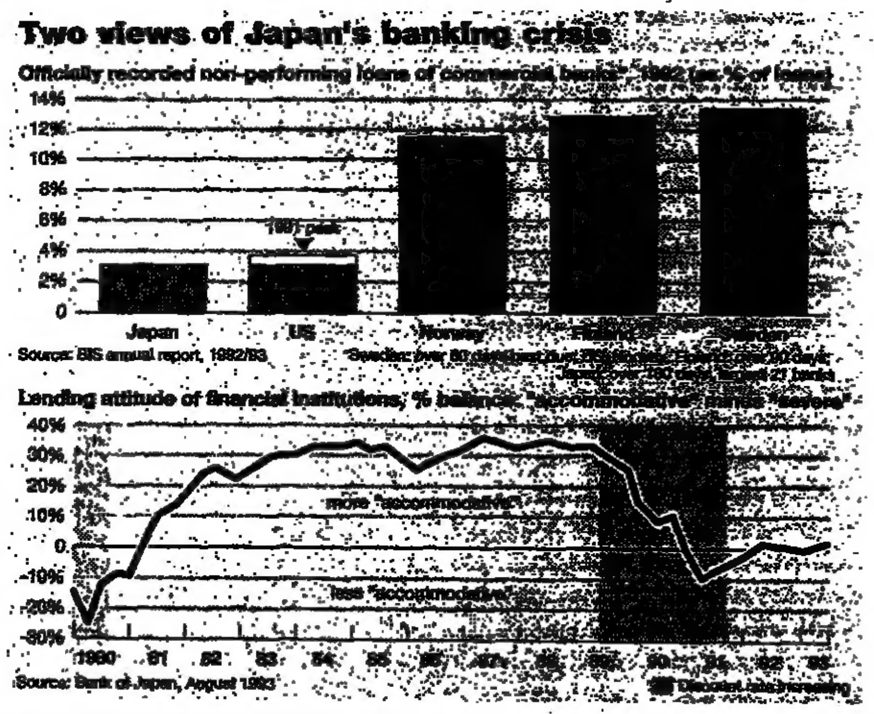
Mr Kurosawa, in conversation a year ago, was deeply troubled by the likely effect of these bad debts on bank lending. He handed over a copy of a speech which he had given in the US at Cornell university the previous week. His speech praised the idea of setting up an agency to purchase these bad debts and called for public funds to speed its work. There was, it acknowledged, opposition to the use of public funds. But Japan would not ignore the fact that public money had been used successfully both in the US Savings and Loan bail-out and in the UK in the early 1970s.

But, in the intervening week since his speech was delivered, Mr Kiichi Miyazawa, the then prime minister, had been strongly criticised for suggesting that public funds should be used. At the interview, Mr Kurosawa was adamant that the loan buying agency should not receive public funds. Nor has it. Not surprisingly, the results have been disappointing: between February and the end of September, it purchased non-performing loans with a face value of just Y1,050bn. Japan's banks, due to report healthy half-yearly operating profits at the end of this month, are using these profits slowly to write off their non-performing loans.

Now the Japanese economy is, in the words last week of Mr Toshihiko Fukui, a Bank of Japan director, in "a protracted and deep adjustment phase". Survey evidence suggests that, despite falling interest rates, Japan's banks remain unusually unwilling to lend. Outstanding loans by the 11 top commercial banks fell 0.5 per cent in the six months to the end of September, the first half-yearly fall since the survey began 39 years ago.

Of course, the troubled state of many Japanese manufacturers is a second reason why Japanese credit growth remains so slow. But, even if their demand for credit revived, Japan's indebted banks are likely to remain unwilling to lend for some time. Unless, that is, the Bank of Japan provides funds to speed the liquidation of these bad debts. For, as Mr Kurosawa knows, tax cuts alone will not do the trick.

Edward Balls



INTERNATIONAL ECONOMIC INDICATORS: PRODUCTION AND EMPLOYMENT

Yearly data for retail sales volume and industrial production plus all data for the vacancy rate indicator are in index form with 1985=100. Quarterly and monthly data for retail sales and industrial production show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. The unemployment rate is shown as a percentage of the total labour force. Figures for the composite leading indicator are end-period values.

UNITED STATES

	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1985	100.0	100.0	7.1	100.0	102.2
1986	105.5	100.9	6.9	98.0	107.0
1987	108.4	106.0	6.1	105.5	108.4
1988	112.6	110.7	5.4	106.1	112.5
1989	115.6	112.4	5.2	99.3	111.0
1990	116.5	112.4	5.4	84.6	108.9
1991	114.2	110.3	6.7	62.2	112.3
1992	117.8	112.8	7.3	60.4	117.4
4th qtr.1992	5.9	3.2	7.2	61.8	117.4
1st qtr.1993	3.7	4.4	6.9	62.2	117.8
2nd qtr.1993	5.3	3.8	6.9	63.7	117.5
3rd qtr.1993		4.1		66.0	
October 1992	5.5	2.3	7.3	60.6	115.4
November	5.7	3.2	7.2	62.4	117.1
December	6.5	4.0	7.2	62.3	117.4
January 1993	4.9	4.6	7.0	60.4	118.3
February	3.2	4.4	6.9	63.5	118.0
March	3.0	4.3	6.9	62.8	117.8
April	4.7	3.9	6.9	62.9	117.3
May	5.2	3.3	6.8	65.0	117.6
June	6.0	4.2	6.9	63.1	117.5
July	5.9	3.7	6.8	65.6	118.1
August	5.3	4.0	6.7	66.7	118.4
September		4.5		65.6	

JAPAN

	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1985	100.0	100.0	2.6	100.0	96.1
1986	106.5	99.7	2.8	94.3	105.2
1987	113.8	103.1	2.8	108.3	116.4
1988	122.6	112.9	2.5	135.9	122.6
1989	132.5	119.9	2.2	147.0	125.8
1990	141.6	125.5	2.1	149.8	123.7
1991	144.6	128.4	2.1	144.2	122.0
1992	139.9	120.6	2.2	124.2	121.9
4th qtr.1992	−5.5	−7.7	2.3	115.3	121.9
1st qtr.1993	−5.9	−5.1	2.3	115.5	125.0
2nd qtr.1993	−6.0	−4.3	2.4	106.2	126.1
3rd qtr.1993		−4.1			
October 1992	−3.1	−6.7	2.3	116.8	121.9
November	−5.5	−8.6	2.3	110.6	121.7
December	−7.7	−7.8	2.4	118.8	121.9
January 1993	−3.5	−7.8	2.3	109.9	122.7
February	−5.9	−5.8	2.3	113.0	123.5
March	−8.2	−2.0	2.3	123.6	125.0
April	−5.3	−4.1	2.3	109.6	126.3
May	−4.8	−4.2	2.5	102.6	126.5
June	−6.0	−4.6	2.5	108.4	126.1
July		−4.5	2.5	100.8	126.3
August		−2.6	2.5		
September		−5.1			

GERMANY

	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1985	100.0	100.0	7.1	100.0	105.1
1986	103.4	102.2	6.4	136.4	105.1
1987	107.4	102.6	6.2	149.4	106.2
1988	110.5	106.3	6.2	164.8	112.3
1989	114.1	111.4	5.6	218.7	115.2
1990	123.5	117.2	4.8	261.1	115.9
1991	130.5	120.7	4.2	270.7	113.2
1992	128.2	119.1	4.6	260.2	107.1
4th qtr.1992	1.4	−4.6	4.9	233.1	107.1
1st qtr.1993	−4.6	−9.8	5.3	213.4	107.3
2nd qtr.1993	−3.9	−6.3	5.6	209.3	109.4
3rd qtr.1993				195.3	
October 1992	−2.2	−3.6	4.8	242.0	108.6
November	1.4	−5.8	4.9	232.3	107.5
December	5.1	−4.3	5.0	224.2	107.1
January 1993	−7.2	−9.1	5.2	216.7	106.8
February	−4.6	−11.8	5.3	212.8	106.9
March	−1.7	−6.5	5.5	210.2	107.3
April	−2.4	−9.0	5.6	211.8	107.8
May	−5.7	−8.2	5.6	208.5	108.4
June	−3.7	−7.6	5.7	206.8	109.4
July	−4.1	−7.8	5.8	203.5	110.3
August	−0.6	−5.6	5.3	196.1	111.7
September				185.4	

FRANCE

	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1985	100.0	100.0	10.3	100.0	102.5
1986	102.4	101.1	10.4	107.2	109.2
1987	104.5	103.1	10.5	117.7	108.7
1988	107.9	107.3	10.0	134.9	114.3
1989	109.5	111.3	9.4	161.1	114.0
1990	110.1	112.9	8.9	163.0	107.6
1991	109.7	113.2	9.5	127.7	106.8
1992	108.9	113.1	10.4	111.4	106.4
4th qtr.1992	−1.4	−2.3	10.7	101.6	106.4
1st qtr.1993	0.1	−3.6	11.0	95.6	104.4
2nd qtr.1993	1.1	−4.2	11.5	91.6	105.1
3rd qtr.1993					106.4
October 1992	0.1	0.5	10.6	105.1	107.9
November	−5.2	−3.4	10.7	101.8	107.2
December	1.0	−4.1	10.9	98.0	106.4
January 1993	0.1	−5.3	10.9	97.1	105.5
February	−3.9	−2.5	11.0	96.6	105.1
March	4.3	−3.0	11.2	96.0	104.4
April	1.1	−5.1	11.4	95.0	105.0
May	−3.1	−3.5	11.5	89.1	105.6
June	5.3	−4.0	11.6	91.0	105.1
July	1.6	−2.9	11.7	93.9	104.9
August	−1.3	−2.9	11.7	80.4	105.4
September					106.4

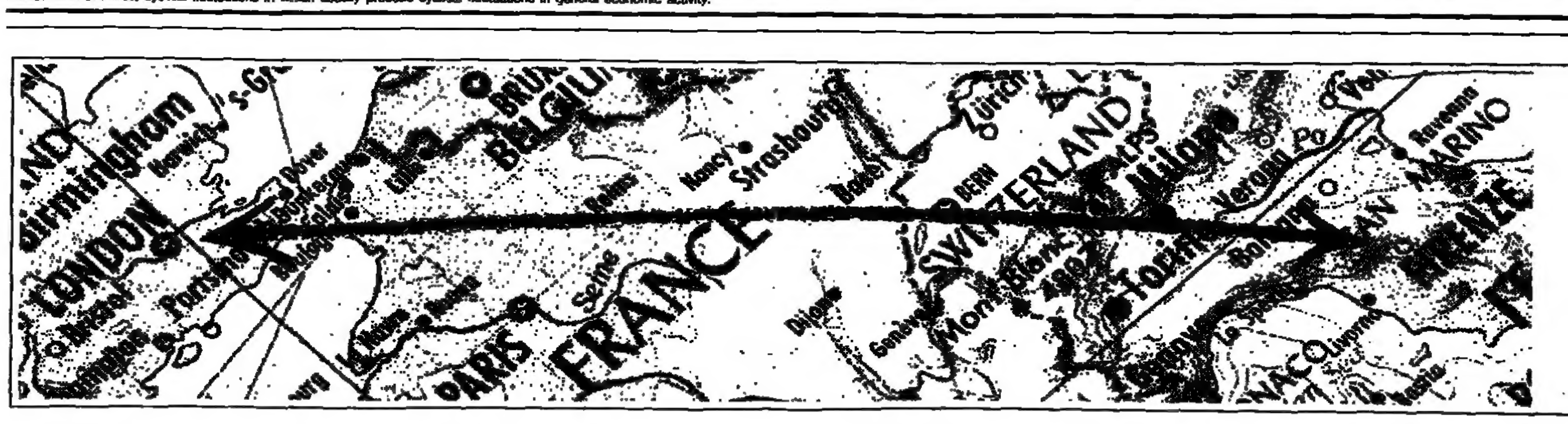
ITALY

	Retail sales volume	Industrial production	Unemployment rate	Composite leading indicator
1985	100.0	100.0	9.6	103.9
1986	106.8	104.1	10.4	110.8
1987	112.1	106.8	10.9	112.9
1988	108.0	114.2	10.9	117.9
1989	116.9	118.7	10.9	115.9
1990	114.3	118.0	10.3	112.1
1991	110.8	115.4	9.8	115.0
1992	116.3	113.6	9.8	111.6
4th qtr.1992	2.7	−3.8	9.3	111.8
1st qtr.1993	2.0	−4.3	9.1	114.4
2nd qtr.1993		−4.0	10.5	115.7
3rd qtr.1993			10.2	
October 1992	2.5	−1.4	n.a.	111.4
November	5.7	−5.7	n.a.	111.5
December	−0.2	−4.4	n.a.	111.6
January 1993	11.0	−3.9	n.a.	112.0
February	−4.5	−4.3	n.a.	113.5
March	−0.3	−4.7	n.a.	114.4
April	1.7	−3.8	n.a.	114.8
May	−10.4	−4.8	n.a.	115.3
June		−3.9	n.a.	115.7
July		−3.6	n.a.	116.6
August			n.a.	118.0
September			n.a.	

UNITED KINGDOM

	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1985	100.0	100.0	11.2	100.0	101.7
1986	105.3	102.4	11.2	116.1	105.0
1987	110.7	106.5	10.3	141.2	109.1
1988	117.8	111.6	8.6	144.3	107.1
1989	120.1	114.0	7.2	124.7	104.7
1990	121.1	113.7	6.8	98.1	102.5
1991	119.6	109.2	8.7	68.8	106.2
1992	120.5	108.7	9.9	70.0	110.6
4th qtr.1992	1.6	0.7	10.4	71.7	110.6
1st qtr.1993	3.3	1.8	10.6	73.7	114.1
2nd qtr.1993	3.0	2.7	10.4	74.3	114.2
3rd qtr.1993	3.9			77.5	
1992 October	2.1	1.7	10.2	68.9	109.0
November	1.6	0.1	10.4	71.2	109.7
December	1.0	0.3	10.6	74.9	110.6
1993 January	3.0	1.9	10.7	73.1	111.9
February	2.9	2.2	10.6	73.2	113.1
March	4.0	1.4	10.5	74.8	114.1
April	2.7	1.1	10.5	75.0	114.5
May	2.4	4.4	10.4	75.1	114.8
June	3.9	2.6	10.4	72.7	114.2
July	4.4	3.0	10.4	77.5	114.1
August	3.7	2.8	10.4	77.7	
September	3.5			77.3	

All series seasonally adjusted. Statistics for Germany apply only to western Germany. Data supplied by Datastream and WEFA. Retail sales volume: data from national government sources except Japan and Italy (value series deflated by OECD using CPI). Refers to total retail sales except France and Italy (major outlets only) and Japan (department stores only). Industrial production: data from national government sources. Includes mining, manufacturing, gas, electricity and water supply industries except Japan (mining and manufacturing only) and UK (also includes construction industries). Unemployment rate: OECD standardised rate which adjusts as far as possible for the different definitions of unemployment used in official sources. Vacancy rate indicator: relevant vacancy measure divided by total civilian employment, expressed in index form. Derived from OECD series. US – help-wanted advertising, Japan – new vacancies, Germany and France – all jobs vacant, Italy – no data available, UK – unfilled vacancies. Composite leading indicator: OECD data. Each is a combination of series, cyclical fluctuations in which usually precede cyclical fluctuations in general economic activity.



London–Florence direct, overlooking Pisa.

Other airlines just take you to Pisa. We let you see Pisa, but without leaving your seat. For details of our luxury service from Gatwick, as well as our new flights to Verona, ring your travel agent or call us on 071 839 2222.

Meridiana
Your Private Airline

Record company loss blamed on 'style'

By Richard Gourlay

MR ANDREW COPPEL, chief executive of Queens Moat Houses, yesterday laid the blame for a £1.04bn pre-tax loss last year at the hotel group firmly on the management style, which may have left its board seriously short of information it needed to monitor the group's health.

Mr Coppel refused to exonerate the non-executive directors, who have been criticised for failing to see the unfolding crisis which led to the year's largest corporate failure.

Mr Coppel stressed that Queens Moat would have had to refinance its debts even without the £803.9m write-down on the value of the hotel group's properties which was the main factor behind the loss. The real problem was that the company made no trading profits in 1992 with which to pay a £100m interest bill, he said.

The company's new management is considering legal action against its former advisers and directors, possibly over allegedly unlawful payments of dividends.

Investors in Queens Moat, are this week likely to question the property valuations which are the main reason for the loss. A valuation concluded by Jones Lang Wooton in August for the new board valued Queens Moat's properties at £861m on December 1992.

Only five months earlier, the group's former valuers, Weatherall, Green and Smith, had produced a draft valuation of £1.35bn for the same assets. WGS had valued the group's properties at £2bn in early 1992.

Both valuations followed guidelines laid down by the Royal Institution of Chartered Surveyors.

Queens Moat is entering what are likely to be protracted talks with its bankers and hopes to produce a refinancing package by the end of January 1994. If accepted the plan would go before shareholders and only then would the shares be considered for re-listing.

Dublin and London try to fill vacuum

Philip Stephens on steps towards an Ulster peace

THE MEETING last Friday between Mr John Major and Mr Albert Reynolds showed the London and Dublin governments more determined than for many years to achieve a political settlement for Northern Ireland. The most recent of the latest spate of terrorist outrages just 24 hours later underlined the depths of the morass from which they are seeking to lift the province.

Both sides are aware that as long as the political vacuum remains the spiral of violence will continue and quite possibly escalate. But after more than 20 bloody years neither can be confident that the political initiative on which they have embarked can avoid the roadblocks which have halted so many of its precursors.

The lengthy communique released after the talks in Brussels renounced terrorism, declared that there could be no place at the negotiating table for those who used violence to further political aims, and underlined the central role of the Ulster constitutional parties in any settlement.

This might seem to represent no more than a statement of the obvious, but the very fact of its release sent an important message – that Mr Major and Mr. Reynolds were ready to expend political capital in a resumed effort at permanent peace, and that in the process both were prepared to own up to some obvious realities.

The Dublin government was now ready to remove what Mr Major saw as two of the most foremost obstacles to peace. As part of an overall settlement, Mr Reynolds would be ready to ask the voters of the Republic to remove from the Irish constitution its claim to jurisdiction over the north, and the Republic would recognise explicitly the veto over change in the province exercised by supporters of the Union.

For his part, Mr Major will now state publicly what has always been obvious but never admitted so explicitly by a British government: that if the IRA ceased its military campaign a place would be found at the negotiating table for Sinn Fein, its political wing. Behind the scenes, the British prime minister has acknowledged also that the quid pro quo for changes in the Republic's constitution would be a significant increase in administrative cooperation between North and South.

Over the next few weeks the two governments will seek to build on that agreement, starting at the meeting on Wednesday between Mr Dick Spring, the Irish foreign minister, and Sir Patrick Mayhew, the Northern Ireland secretary. Mr Major and Mr Reynolds will seek to strengthen it further at a UK-Irish summit in Dublin within six weeks.

The aim is to create an atmosphere which will persuade the constitutional parties - above all the unionists - to return to the negotiating table and thrash out an internal political settlement.

Reassurance for the unionists ran through the Major-Reynolds statement: in the promise that there would be no "secret" deals; in the joint disavowal of the initiative launched by Mr John Hume, the SDLP leader, with Sinn Fein; and in Dublin's implicit acknowledgement of the Unionist "veto".

In practice, the two governments are reversing the order of negotiations in the three-strand peace process which stalled at the end of last year. Then the priority was an agreement between the Northern Ireland parties before moving on to the second and third strands - relations between North and South in Ireland and an agreement between the Republic and Britain on Ulster's constitutional status. Now the aim is to secure a broad measure of agreement on strands one and two as an umbrella for strand one.

But if the logic of a London-Dublin accord providing a catalyst for the restart of talks between the parties in the province is obvious enough, its chances are precarious.

The unionists, their self-importance bolstered by Mr Major's reliance on their votes at Westminster, must be persuaded that it offers something better than the status quo. Mr James Molyneaux, leader of the Ulster Unionist Party, is now the most important player in the game. Without a positive response from him the latest initiative will go nowhere.

Mr Hume, badly bruised by the rejection of his initiative, must also be brought back within the intergovernmental process. Mr Hume remains as convinced as ever that a cessation of violence by the IRA - without which any settlement will fail to prevent more bloodshed - is within reach if Mr Major is prepared to listen carefully to the ideas to which Sinn Fein has put its name. He has staked too much on his talks with Mr Adams to withdraw quietly now.

Yet British officials suggest that the picture beneath the surface is not as bleak as the familiarly unpromising rhetoric of Ulster politicians suggests.

Mr Molyneaux has remained silent. If he were to offer to return to the negotiating table, both Mr Hume and Mr Ian Paisley, the leader of the Democratic Unionist Party, would find it hard not to join him. The good intentions might this time offer at least a start on the road to an agreement.

Greiving relatives console each other in Greysteel after Saturday night's bombing

Guide to various peace processes on Ulster

By Tim Coone in Dublin

IN the initiative launched by Mr Major and Mr Reynolds, Dublin has accepted that an overall settlement would involve an end to its territorial claim on the north and recognition of the unionist veto on change in the province.

The UK accepted an increase in cross-border co-operation and the possibility of Sinn Fein entering talks if the IRA laid down its arms.

The six-point plan set out last week by Mr Dick Spring, the Irish foreign minister, paved the way for the initiative. The six-points were:

- that people in Ireland, without coercion and without violence, should be free to determine their own future;
- that new structures should be developed for governing the province, for north-south relationships and for UK-Irish relations;
- that no agreement can be reached on any change in the status of Ulster without the freely-expressed consent of the majority in Ulster;
- that unionist consent will be required for any constitutional change in the North;
- that the Irish constitution will be amended, "at the right time and in the right circumstances" to reflect any agreed changes;
- that there is a place at the negotiating table for the "men of violence" in the event that they cease their violence.

The SDLP and Sinn Fein are concerned by Mr Spring's apparent acceptance of a Unionist veto – as opposed to a majority veto. Mr Reynolds referred only to majority consent.

The Brussels statement was unequivocal that there could be "no question of adopting or endorsing" the Hume-Adams initiative, which envisages a simultaneous referendum north and south of the border on changes to Northern Ireland's status, but recognises the principle of majority consent in the north.

It also recognises that a cessation of violence would precede Sinn Fein coming into talks.

The last series of talks between the four main Ulster constitutional parties broke up last November without agreement.

The DUP was unwilling to proceed unless the Republic dropped its constitutional claim on Ulster. The UUP says Dublin was unwilling to commit itself to change. The Republic accused the unionists of setting pre-conditions. The SDLP, the moderate Alliance party and the two governments have indicated their willingness to continue negotiations.

Britain in brief

EC talks on new code for statistics

Measures to improve the European Community's new system of collecting trade statistics are to be discussed next week by government officials from the UK, France, Germany and the Netherlands.

Pressure for the meeting has come particularly from the UK, which is concerned that the method of collecting data introduced at the beginning of this year may be giving an inaccurate view of economic trends.

UK officials are particularly worried that the problems may also be affecting the collection of non-EC trade data and so distorting perceptions about the whole-world trade deficit.

BR sell-off rules changed

The government has given way to pressure to extend the length of time for which it will grant franchises for parts of the soon-to-be privatised British Rail network, it emerged yesterday.

Bidders could be awarded franchises for as long as 15 years, twice as long as previously expected, Mr John MacGregor, transport secretary said.

The short duration of the franchises, which had previously been expected to run for only five to seven years, has acted as a disincentive to private bidders.

Output up on September

Manufacturing output expanded in October, at a faster rate than in the previous month, and with particularly buoyant growth in consumer industries. The purchasing managers index, an early indicator of manufacturing output trends based on a survey of purchasing managers, indicated an expansion of manufacturing activity for the ninth consecutive month. The index - based on a weighted average of five survey variables - rose from 51.7 per cent in September to 53.6 per cent in October.

ERM not seen as export spur

Two-thirds of British exporters do not believe their export sales would benefit if Britain were to rejoin the European exchange rate mechanism, according to a survey published by the Barclays Commercial Services and Export Times. However, more than half think that greater European integration will help increase exports.

A majority of exporters also believe that allowing the newly democratised east European states to join the EC would improve their sales abroad.

Fishermen to contest rules

UK fishermen today go to the High Court to try to overturn government legislation that will restrict the number of days they can spend at sea from January.

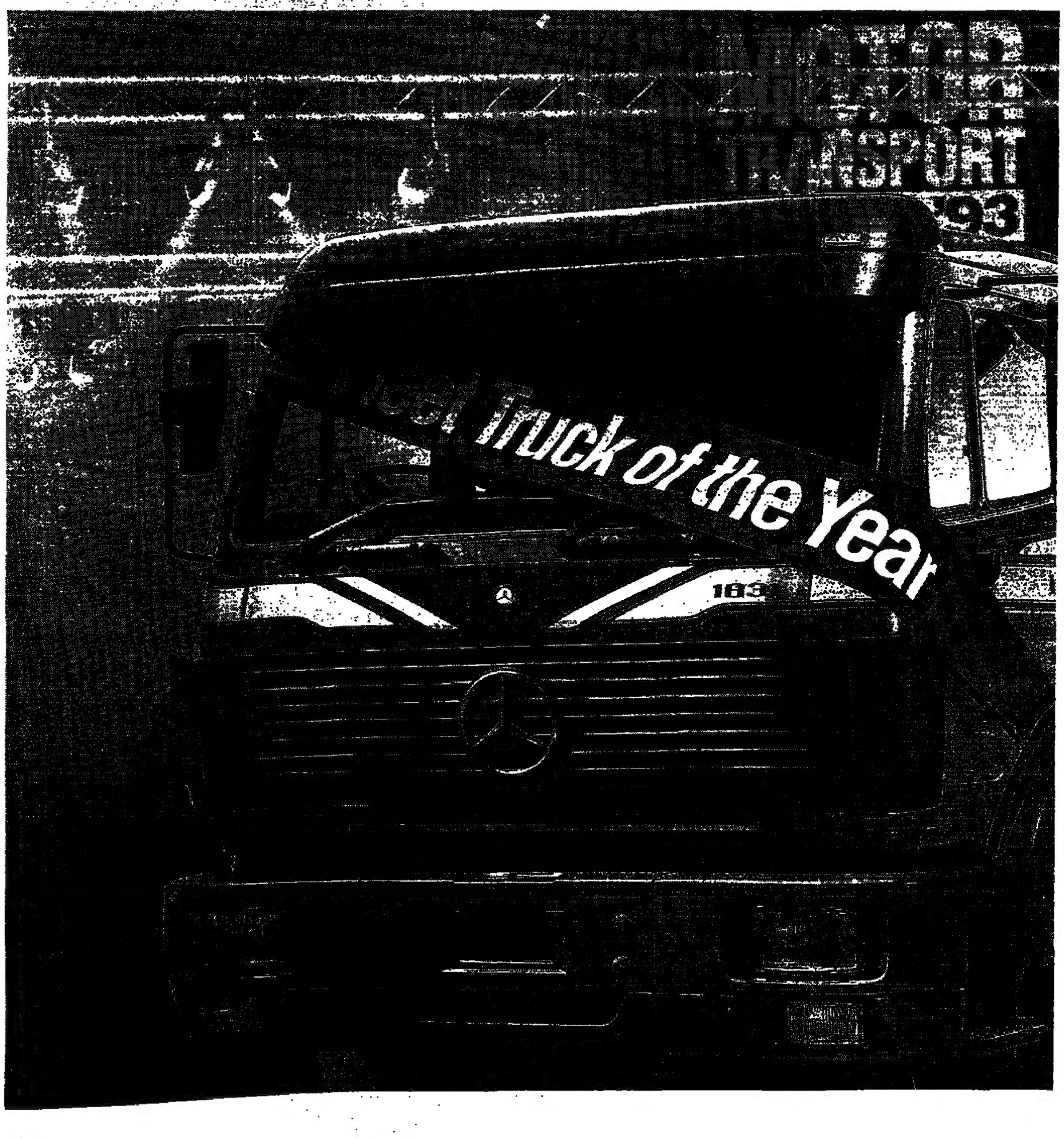
The National Federation of Fishermen's Organisations, representing 6,000 fishermen in England, Wales, Northern Ireland and the Channel Islands, is applying for a judicial review of the restrictions, which they say could destroy their livelihoods.

The government is introducing the limits as part of its obligation under EC fisheries policy to reduce the capacity of the UK fleet by 19 per cent by the end of 1996 in order to halt overfishing. It is also running a £25m decommissioning programme and tightening up on licensing of vessels.

Executives in City Pride

Business executives in London, Birmingham and Manchester are to be asked to help draw up regeneration plans for their cities as part of government reforms on urban policy to be announced later this week.

The City Pride initiative will bring together business, government, local authorities and the voluntary sector in a new partnership.



The laurels rested on the Mercedes. And not vice versa.

No truck manufacturer wins the prestigious Motor Transport Fleet Truck of the Year award by chance. Especially not with a jury of 30 experienced fleet engineers to convince.

And no-one wins by resting on their past reputation, either. Even Mercedes, whose reputation's about as high as you can get in the commercial vehicle business.

The winning 1831LS is the perfect example of Mercedes design evolution in action. A familiar, durable, proven chassis and cab is underpinned by a new, lighter, leaner 9.57 litre V6 low emission engine. The result? In the prophetic words of Motor Transport, "it provides the best overall package of purchase price, residual value and design to meet demanding and challenging operator requirements. Good all round performance, excellent fuel economy and value for money are all features of the Mercedes"

Vehicles like the 1831LS and its big brother, the 1834LS, demonstrate that Mercedes make trucks that are both advanced and long-lasting. With proven features like EPS gearshifting, ASR traction control and low emission engines to provide today's fleets with greater efficiency to meet today's demands.

So while the Fleet Truck of the Year award is much appreciated at Mercedes-Benz, you can be sure of one thing. We'll be living up to our laurels, not resting on them.

Mercedes-Benz
Trucks and Vans

For more information on the Mercedes-Benz range, service and finance packages, phone free on 0800 181361 or write:
Mercedes-Benz Trucks and Vans, Dept C3, FREEPOST, RM805, Ilford, Essex IG2 6BR

MANAGEMENT

Lisa Wood on a two-year-old initiative which aims to help women at work

Opportunity knocks

Ann Thomas is a deputy manager of one of the largest flagship stores of J. Sainsbury, the British food retailer. But she only works on Sundays.

Five years ago, says Judith Evans, director of corporate personnel for the group, a 10-hour working week in such a managerial job, where she is often in sole charge of nearly 150 employees, would have been inconceivable.

The catalyst for changed thinking on how such a job could be made practical was Opportunity 2000, the business-led initiative launched two years ago to improve the position of women at work in the UK.

"Without Opportunity 2000 we would probably not have thought to ask Ann Thomas if she wanted to come back to work immediately after having her third child, and she probably would not have thought to ask us if she could," says Evans.

The campaign, she adds, provoked Sainsbury to question how obstacles could be removed to assist women's progress.

Thomas may be exceptional at Sainsbury. But the personnel department and line managers, mindful of the active interest of their chairman in the initiative (he is a founder-member), are redoubling their efforts to promote equality of opportunity among staff.

Opportunity 2000 – to which 216 British companies are now formally committed – was widely suspected of being a nine-day wonder. But the campaign's second annual report – which is published today – may go some way to alter perceptions by pinpointing initiatives and policies being developed in the participating organisations. It discusses the ideas and approaches that have worked, and those that have still to bear fruit.

Lady Howe, who chairs the campaign, says she believes there are signs of Opportunity 2000 making a difference. But she says the campaign does not promise overnight miracles. "There is still a long way to go."

Just how far was highlighted in a survey of 29,000 executives in 533 companies published last week by the National Institute of Economic and Social Research and the London School of Economics. This showed that only 8 per cent of top executives in Britain are women and that the higher up the corporate hierarchy you go the fewer women you find.

Ashley Ashwood

Ann Thomas: a 10-hour working week as deputy manager of a J. Sainsbury store

Paul Gregg and Stephen Machin, from the Institute, take issue with the claim that women are increasing their share of the top executive jobs – defined as everything between chief executive and middle management. They also found that women are paid less than men even if they are working in the same job. "There does appear to be a glass ceiling . . . and it does not appear to be cracking," they observe.

Opportunity 2000 campaigners stress that they are not just interested in getting more women into the boardroom – although the report gives several examples of "firsts" such as the Bank of England appointing its first female director. More generally, they are seeking to improve women's lot in the workplace.

Progress here, though, is uneven. Childcare Vouchers is an organisation which supplies companies with vouchers for eligible employees for the full or part-time payment of their childcare costs. It claims that only a few of the companies to sign up for Opportunity 2000 have introduced affordable and practical ways of helping working women overcome the childcare hurdle.

The organisation has an axe to grind, but its criticism highlights the scale of the task.

Many believe the government should provide more in the way of financial incentives. At the moment, for example, tax relief is confined to workplace nurseries which, for many women, is not an acceptable solution.

DayCare Trust, a national day care charity, also points out in a report published today that fewer than four in every 100 trainees on government-funded training schemes receive any help with childcare.

As the Opportunity 2000 report underlines, costs of implementing policies, such as childcare, are a prime concern of employers (some of whom are working with budgets as low as £1,000). Many companies are opting for less expensive alternatives, such as job sharing and flexible working.

Under Opportunity 2000 there is no formal pathway to promoting equality. Campaign companies set their own goals for increasing opportunities for women in their workforce by 2000.

Those new to the idea need to start with basics – incorporating equal opportunities into the business plan, for example, or investigating where women are in the hierarchy and then seeking to diagnose the problems which may hinder their upward mobility.

Others, however, are now in a position to measure year-on progress in areas such as promotion, retention and returner rates. Marks and Spencer, the retailer, is targeting areas such as its childcare and maternity arrangements and its training programmes for investigation following its monitoring exercises. Boots the Chemist has reported a rise in the number of store staff returning after maternity leave.

Some companies have set clear targets – Iceland Frozen Foods aims to increase the percentage of female retail managers from currently below 10 per cent now to 15 per cent in two years' time. Others, including Avon Cosmetics, are investigating whether there are gender differences in pay and conditions.

The Royal Bank of Scotland is "profiling" jobs and individuals to ensure that subjectivity is taken out of recruitment and selection decisions. HTV, the television company, carried out a job evaluation in co-operation with its five unions.

Many companies recognise the need to boost confidence among women. Fox's, a biscuit-making subsidiary of Northern Foods, found that women were particularly reticent about coming forward for management positions mainly held by men.

As a result Fox's has run self-development programmes aimed at shop floor and junior clerical roles.

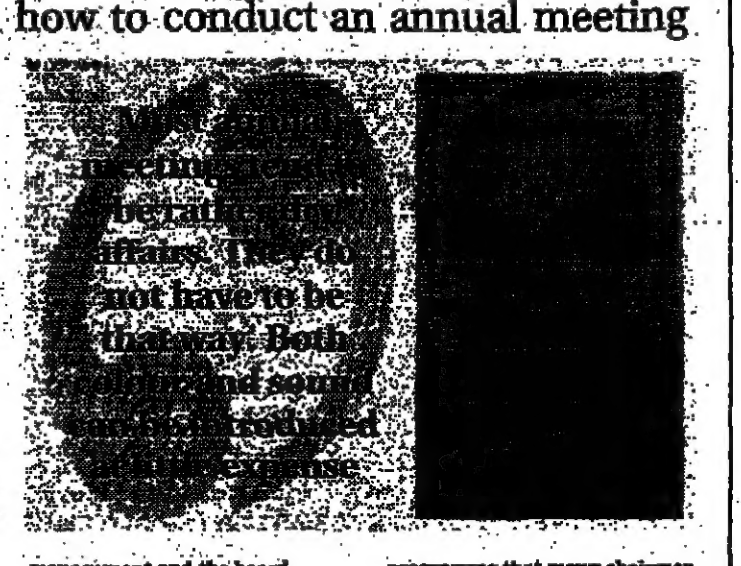
"There will be no revolution overnight but we are making progress," says Philip Ward, group personnel executive at Northern Foods. In March 1991 only 3.7 per cent of employees at Northern Foods earning more than £30,000 a year were women. This has now gone up to 8.3 per cent.

"It would have happened without the campaign but Opportunity 2000 is another important weapon in our armoury as we seek to talk both internally and externally about these issues," explains Ward.

TIPS FROM THE TOP

Make it dramatic for the shareholders

Henry Wendt, chairman of SmithKline Beecham, offers advice on how to conduct an annual meeting



The statutory annual general meeting is something of a modern paradox. In the case of large companies, institutional shareholders holding the majority of shares seldom attend. Most chairmen are happy to see owners of 2 or 3 per cent of their shares show up. Since most ballots are cast by post, it is only in unusual cases that the vote is uncertain. Consequently, there is rarely true drama or a big decision at the AGM. It shouldn't be any wonder that many chairmen regard the occasion as a meaningless task to be dispensed with quickly.

Yet in doing so they miss an opportunity to generate considerable goodwill and understanding of the company. It is the one occasion during the year when the board and the management are on full parade and available to all shareholders for answers to direct and at times penetrating questions. The attendees are mostly small shareholders who have a strong sense of identity with the company and are predisposed to be friends. Their attitude is in many ways governed by what they learn and even more to the point, how they feel at the AGM.

With that purpose in mind, I believe it helps to think of the AGM as theatre. Theatre is a form of communication in which complex and provocative messages are put across to large audiences. Indeed, theatre works best when there is genuine interaction between the cast and the audience.

Designing the AGM as theatre begins with deciding the messages to be communicated. Usually, there is a mix of good and bad news. Naturally, the weight of the mix determines the tone and character of the AGM; celebratory or firmly resolute.

The next decision relates to the cast of characters. In most situations, the chairman should resist the temptation to place himself in the starring role.

The AGM is an opportunity to display the strengths of the management and the board. Opportunities to bring other executives centre stage will certainly occur during the question-and-answer session, but openings should also be sought during the formal presentations. The role of the chairman is always to maintain firm control and leadership of the meeting, while also bringing forth the personality, character and talents of other cast members. The audience should leave impressed with the way the management and the board complement each other and work as a team.

It is useful to consider the stage setting. Most annual meetings tend to be rather dry affairs. They do not have to be that way. Both colour and sound can be introduced at little expense, in ways that enhance the primary messages. Music played at a low background level as the attendees take their seats helps establish the mood. I often find visual aids to be more of a distraction than a help, but used to display data they can also introduce animation and colour. For emotional impact, nothing matches video on a large screen.

A successful AGM requires an active and energetic question-and-answer session. Since it is this part of the programme that many chairmen regard with the most anxiety, it is central to the AGM paradox. Yet it is the question-and-answer session that creates the lasting impression. A positive impression is created as much by the way the company responds to the question as it is by the answers themselves. I will always remember the occasion when during a particularly long and tense question period a feisty shareholder suggested that the personnel director get a haircut. The question – and the somewhat embarrassed response – brought the house down and changed the entire mood within the room.

The burden is always squarely on the chairman to conduct the question session in an open, understanding manner. By using his prerogative to restate and as appropriate, to reframe the question without distorting the questioner's basic thrust, the chairman can establish the correct tone and posture for the session.

The question-and-answer session of the AGM provides a unique opportunity to create positive human chemistry with the company's natural ambassadors.

Next Monday: Sir Colin Marshall of British Airways on how to cope with a busy business trip.

WHERE TO WATCH THE FT THIS WEEK

MONDAY
03:30 FT Reports •
06:30 European Business Today†
07:15 European Business Today†
08:15 European Business Today†
12:30 FT Reports†
22:30 European Business Today†

TUESDAY
06:30 European Business Today†
07:15 European Business Today†
08:15 European Business Today†
07:45 FT Reports*
12:30 West of Moscow†
13:15 FT Reports*
15:45 FT Reports*
18:45 FT Reports*
22:30 European Business Today†

WEDNESDAY
06:30 European Business Today†
07:15 European Business Today†
08:15 European Business Today†
21:30 FT Reports† Data transfer. Why are Europe's telecom monopolies stifling research.
22:30 European Business Today†

THURSDAY
06:30 European Business Today†
07:15 European Business Today†
08:15 European Business Today†
12:30 West of Moscow†
18:45 FT Reports*
22:30 European Business Today†

FRIDAY
06:30 European Business Today†
07:15 European Business Today†
08:15 European Business Today†
12:30 FT Reports†
22:30 European Business Today†

SATURDAY
08:30 FT Reports†

SUNDAY
03:30 West of Moscow • Bottomless Pit. How effectively are funds from the west utilised in the old USSR.
16:30 FT Reports•
22:30 West of Moscow †

Sponsored by Chrysler International Jeep The American Legend.

KEY • Sky News † Super Channel

FINANCIAL TIMES TELEVISION EDITORIAL
Tel: +44-81-614-2800 Fax: +44-81-614-2571

INDEPENDENT TELEVISION SALES INTERNATIONAL ADVERTISING
Tel: +44-71-873-4281 Fax: +44-71-873-3928

PEOPLE

Nine month search puts Pow into Aquascutum

Aquascutum, the upmarket clothing group famous as Baroness Thatcher's favourite outfitter, has appointed James Pow as managing director and charged him with both reorganising the company and repositioning the brand.

First priority is to bring the company's different divisions in Canada, the US, Europe and the Far East together under one headquarters in London, and centralise functions such as buying wherever possible.

That may sound ambitious, but Pow, 42, believes his experience fits him well for the task. "My background has been in fairly rapid reorganisations of premium businesses," he explains. Most recently, he was at Dunhill, where he was managing director of Hackett, the menswear group it acquired in 1991 with a view to turning it into a global brand. Pow was responsible for opening Hackett's flagship store at Sloane Square last year.

Before that he was international sales and marketing director at Mulberry, the fashion designer.

His experience in promoting both those brands will equip him for what he sees as his second important task at Aquascutum: repositioning a brand which is losing its identity.

"We need to focus on what the consumer of the 1990s perceives the Aquascutum brand to be," he says. Even premium brands are not immune from change in consumer attitudes from the high-spending culture of the 1980s towards demanding value. "Young people today identify with brands that deliver quality and value for money."

Pow plans a wide-ranging programme of market research to determine how Aquascutum should be positioned for the 1990s;

he is aware that he could face resistance to change but says feedback to his ideas since he arrived at the company last month has been "very positive".

Aquascutum will certainly be hoping it has the right man, after an executive search which lasted some nine months. Pow succeeds James Stokes, who moved up from deputy chairman and joint managing director to succeed Paul Bennett when he retired as chairman in August.

Pow was educated at Broxburn Academy, West Lothian, before completing a degree course in business studies, production and design at the Scottish College of Textiles, Galashiels. In addition to his time at Dunhill and Mulberry, he is a former assistant MD of Ballantyne Cashmere.

The Country Landowners' Association, mouthpiece for the landed gentry of England and Wales, yesterday elected a new president. Hugh Duberly, who spent his youthful days in banking, still retains "a liquid interest" in the City as chairman of the Pavilion wine bar in Finsbury Circus, a popular watering hole close to Liverpool Street station.

His work in City finance ended in 1975 when Mercantile Credit, the hire purchase and leasing house for which he worked, was acquired by Barclays. Duberly, now 51, returned to take over the 2,250-acre family estate at Great Staughton in Cambridgeshire and began his climb up the CLA ladder.

As president of an organisation representing 50,000 landowners including the Duchy of Cornwall, the Church Commissioners and a number of Oxbridge colleges, Winchester-educated Duberley believes landlords and farmers should be proud of their "custodianship" of the land.

At a conference last week he quoted an earthy passage from Emile Zola's novel La Terre to explain the lure of the countryside: "Once the land gets you by the short hair, the bitch won't let go."

■ Paul Myners, chairman of Gartmore, has been elected chairman of the executive committee of the ASSOCIATION OF INVESTMENT TRUST COMPANIES.

■ Ray Hill, group chief executive of the Iron Trades Insurance Group, has been elected president of the CHARTERED INSURANCE INSTITUTE.

■ David Holt, formerly md of Slingsby Aviation, has been appointed chief executive of The NATIONAL APPROVAL COUNCIL FOR SECURITY SYSTEMS.

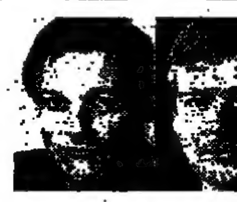
Finance moves

Kevin Walsh has been appointed head of North American operations at Gartmore. Of the funds under Gartmore's management, 77 per cent are UK pension funds, so the company has recognised its need to diversify into other markets and has finally embarked on a project to attract North American clients to its fold.

Walsh was previously managing director of SEI International Investment Group, a US-based consultancy which, among other things, helps pension fund clients pick fund managers and where he directed its product and marketing effort. Before that, Walsh was a partner and senior account manager at Brinson Partners, also a pension fund consultancy.

Banque Indosuez, Gartmore's parent is planning to place 25 per cent of its shares on the London market.

In other moves, Vivian Bazalgette (above left) has been appointed md, and Mike Bishop deputy chairman, of Gartmore Pension Fund Managers. Peter Pearson Lund, formerly md, has been appointed chairman of Gartmore Fund



Managers; Lewis McNaught (above right), formerly deputy md, has been promoted to md. Edwin Doeg and Charles Hoblyn have been made directors.

■ Bob Dighton has been appointed sales director of T. HOARE & Co; he moves from Smith New Court. Andrew Welsh, formerly associate director of finance at Nomura International Investment Banking Division, has been appointed finance director at T. HOARE & Co.

■ Kevin Darlington has been appointed chief UK economist at HOARE GOVETT; he moves from UBS Securities.

■ Richard Piskorz has been appointed to the board of NEWTON FUND MANAGERS.

■ Gary Vocat has been promoted to become a director of RECORD TREASURY MANAGEMENT.

■ Ron Armstrong has been appointed deputy director-general of The BUILDING SOCIETIES ASSOCIATION and the COUNCIL OF MORTGAGE LENDERS; he is succeeded as head of legal services by Michael Coogan, currently a deputy secretary. Peter Williams, professor of housing management at the University of Wales, is to join as head of research and external affairs.

■ Lyndon Jones has been appointed group md of POINTON YORK.

■ David Porter, formerly md of CLF Municipal Bank, has been appointed deputy md in charge of the UK, Scandinavian and Dutch investment banking operation at NOMURA INTERNATIONAL. Jim Durkin has been appointed a UK equity sales director; he moves from Williams de Broë.

■ Barry Gittins, director, securities and derivatives regulation, is to take early retirement from the SIB.

■ Charles Etienne-Carton has been appointed a senior vice-president and head of fixed income sales at OPPENHEIMER INTERNATIONAL; he moves from Bankers Trust International.

هكذا من الاصل

Nigel Andrews looks back at the life of Federico Fellini

Circus fun and High Art

"I always direct the same film," Federico Fellini once said, "I can't distinguish one from another." But Italian cinema's greatest veteran, who died yesterday aged 73, kept directing the same film only in the sense that each great artist always remakes the same work. Genius cannot disguise its signature. From *Variety Lights* to *La Dolce Vita*, from *8½* to *Ginger And Fred*, Fellini's films were like whirlwind variety shows that had strayed into High Art. Jaunty music abounded; crowd scenes bristled with exotic or outlandish characters; and pneumatic women were paraded like circus horses whenever the director's whip cracked.

At centre-screen there was usually Fellini himself – or his favourite alter ego, the actor Marcello Mastroianni. And to emphasise the monomaniac aspects of the work, filled with surfeit and self-mythologising, the film titles themselves often incorporate their maker's name: *Fellini Roma*, *Fellini Satyricon*, *Fellini Casanova*.

There were occasional glimpses of a different kind of film-maker, especially early in his career. Movies such as *I Vitelloni* and *Il Bidone* proved he could subtly, comically inflect the Italian neo-realist tradition; while sombre melodramas like *La Strada* and *Le Notte Di Cabiria* were modern cinema's answer to operatic "verismo".

But the carnival Fellini is still the best-known. Appropriately, he was born in Rimini, the Adriatic holiday town; as a teenager his first job was as comic-strip artist for a Florence-based magazine – an experience which gave him the background, later, for his first film as director, *White Sheikh* (1952), gently debunking the world of comic-book heroes.

In Rome he played truant from university law courses to work as a crime reporter for the newspaper Il Popolo di Roma; he then did a spell of cartoon-work and storywriting for a satirical magazine, Marc'Aurelio. During the 1940s he escaped military service when his medical records were destroyed during a hospital bombing: he joined a theatre troupe as set-designer and all-purpose factotum; wrote radio scripts and co-wrote film scripts.

He even helped to open a shop: the Funny Face Store, a novelty portrait studio for American GIs, specialising in instant caricatures and voice-recordings. In 1944 a visitor to this shop, Roberto Rossellini, the film-maker, made Fellini his first important movie offer. The "documentary" for which Rossellini was seeking a script collaborator finally became the classic neo-realist film *Rome Open City* (1945).

Five years (and several Rossellini collaborations) later, Fellini began directing his own films. His early movies were witty, protean variations on neo-realism; often showcases for the impish pathos of the actress Giulietta Masina, whom he had married in 1943. But with *La Dolce Vita*, in 1960, Fellini's film direction broke definitively with neo-realism. This extravagant tale of Roman high life is decked out with surreal symbols (a flying statue of Christ, a beached sea-monster) and mischievously inflated minor characters, notably Anita Ekberg's fulsomely-endowed, fountain-splashing film star.

Marcello Mastroianni's bemused hero in the film – a Fellini surrogate, adrift in wonderland – returned three years later for the master's masterpiece. *8½* (1963) is a fantasia on themes of autobiography. Though its story has few literal convergences with Fellini's own life apart from the hero's profession, that of film-maker, symbolically it skywrites all his favourite obsessions: the diversity of womanhood; the artist as ringmaster in his own circus; fear of failing creativity; the conspiracy of the philistines. Fellini's two great stylistic trademarks, perpetual-motion camera and a post-dubbed babble of voices, created a film whose garrulous forward flow seemed to sweep up every object in its path, hurling them briefly into the air, one by one, for inspection.

To the regret of many of his admirers, Fellini did not arrest his style at this point of development. The black-and-white baroque of *8½* turned into the gaudy rococo of *Juliet and the Spirits*; rococo soon became a filmic version of fairground kitsch in movies such as *Fellini Casanova* and *The City of Women*.

But even in his fitful final decades Fellini made films or individual sequences that still ran rings round most orthodox modern cinema.

Fellini Roma is an unclassifiable mixture of documentary, travelogue and mickey-taking; its climax is a Papal fashion-show, with ecclesiastical models parading on roller-skates. *Fellini Satyricon* gives a surreal modern gloss to ancient myths. *Amarcord* is an album of childhood memories punctuated with moments of dazzling make-believe – the cut-out ocean liner riding a midnight polythene sea, for example. And *Fellini Intervista* is a satire on film-making which joyously mixes the impertinent (Anita Ekberg in an in-joke cameo) with the impossible (Red Indians attacking the Appian Way).

Like Orson Welles, perhaps his only true soulmate in Western cinema, Fellini believed that movies were a magician's medium where even the open acknowledgment of trickery could be part of the charm. He also spent much of his artistic life removing barricades between the arts. For him cinema was not just cinema: it was theatre, vaudeville, opera, circus and street fair. His aesthetic taste may sometimes have been questioned, but never the size or grandeur of his aesthetic appetite.

At a time when Europe became concerned about US cultural imperialism, especially through the cinema screen, Fellini stood out as a movie-maker who thrived while owing nothing to Hollywood. He was, indeed, one of the very few post-second world war European directors who was able to make films on his own terms and achieve a wide degree of popularity on both sides of the Atlantic.

Associated Press

Fellini and Anita Ekberg during filming of 'La Dolce Vita'

Our monthly column on arts sponsorship will appear later this week

Ballet/**Clement Crisp**

Romeo and Juliet

The Royal Ballet paid fine tribute to the memory of Sir Kenneth MacMillan during the past week-end, which marked the first anniversary of his death. His *Romeo and Juliet* was given superb revival – the ballet and the company looking fresh, vital – with three interpretations of exceptional interest. Two of these – Irek Mukhamedov's Romeo and Stephen Jefferies' Tybalt on Friday – are familiar, though none the less magnificent for that. The third was the debut, at Saturday's matinee, of Sarah Wildor as Juliet. It was one of those rare, rare, occasions when a young artist seems to discover her own powers, and we watch, fascinated, as a talent reveals itself, unerring, beautiful, true.

We have seen Miss Wildor since she was a child at the Royal Ballet School – most memorably as gentle Clara in *Nutcracker*. She is now a lovely young woman, two years in the company, blonde head exquisitely placed on a long neck, with delicately-boned physique. From her first entrance as Juliet there was a sense of concentration about her playing, an artist securely inside the character, and as the performance progressed – its development sure, organic, inevitable – we saw how deeply this Juliet believed in her role, and we believed with her. She managed, and with what subtlety, to suggest the conflict in Juliet's temperament between girlishness and nascent passion, matching the sensuality that Romeo awakens with a child-like obstinacy. (Her flight to Friar Laurence was ecstatic, womanly; running from her family in the third act, she showed us a Juliet still awkward, impetuous). The third act rightly crowned her reading: every moment had meaning, every least action spoke. And there were incidents to which she gave entirely individual and thrilling identity – surest sign of great things to come. Miss Wildor is a talent to watch, to treasure, to nurture.

Michael Nunn made his debut as Romeo to this Juliet. It was a sincere, well-considered reading: the role does not offer him such challenges as did Rudolf in *Mayerling*, which he so admirably assumed last year, but it was an intelligent first sketch which he will develop. It was inevitably shadowed by the interpretation Irek Mukhamedov had given the night before. Mukhamedov's Romeo is a complete portrayal. The life of the character is vivid and ablaze with feeling: how grand is Mukhamedov's daring as he tells us of Romeo's infatuation for Rosaline before the Capulet ball – he looks up, as if at a full moon, and rejoices in the night's romantic possibilities. The thunderbolt of Juliet's presence, the sensual charge Mukhamedov gives everything that follows, burns through the dancing. The relationship with Tybalt is no less bold. I think Stephen Jefferies the best Tybalt the Royal Ballet has shown us. There is menace, of course, but Jefferies tells of the frustrations and innate fury of the man. As in *Giselle*, where his Hilarion is the ideal match for Mukhamedov's peerless Albrecht, these two artists respond thrillingly to each other: their duel was ferocious, far more intense than mere stage sword-play.

Mukhamedov's Juliet was Viviana Durante, giving a clear, slightly self-conscious reading, but one danced with lovely finesse. And, on a note of regret, I must record that the present run of *Romeo and Juliet* will mark the retirement of Leslie Edwards, the Escalus of the staging. On November 22 he will give his last performance as member of a company he joined in 1933. His qualities – not least a blessed enthusiasm that meant no role has ever become routine – have made him seem the very spirit of our national ballet, for which he has also guided many choreographic talents.

His reward has been our unfailing admiration and affection.

'Romeo and Juliet' continues in repertory at Covent Garden until Nov 22

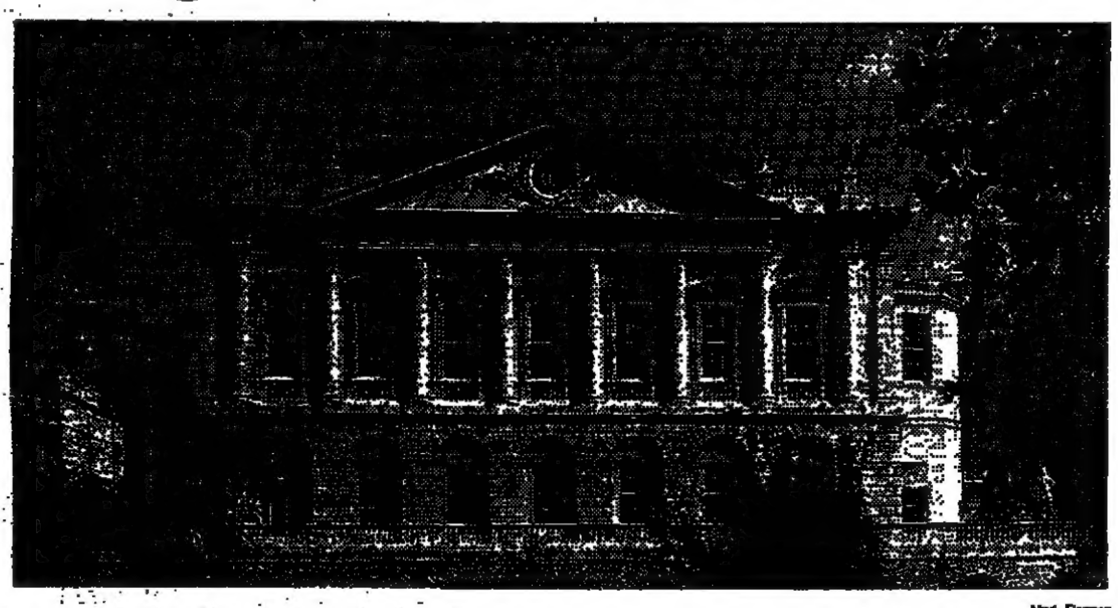
Architecture/**Colin Amery**

A great London mansion

One of the greatest pleasures in life is looking at architecture with a good guide or a learned friend. I have been fortunate to travel through life with a rich variety of guides and interpreters. A good cicerone can be a writer, a historian or an artist – or best of all a friend who is a mixture of the finest qualities of all three. Sometimes the ideal guide to a building or a place is a book that not only tells an historical tale but nourishes the visual imagination as you read. One such book has just been published and it has been for the last few days an absorbing and enthralling companion. "Spencer House: Chronicle of a Great London Mansion" by Joseph Friedman is published by Zwemmer, price £39.50.

The rescue and restoration, indeed the resurrection, of the eighteenth century Spencer House is the great achievement of the present Lord Rothschild and his companies (RIT Capital Partners plc). Realising the immense importance of this house on Green Park, (that had, unlike so many aristocratic London palaces, survived wars and slumps but inevitably declined and been turned into offices) was only the beginning of its redemption. The importance of Spencer House is artistic,architectural and historical. It can be seen today as an excellent exemplar of its period, not merely because it has been perfectly restored but because the motives behind its rescue so clearly reflected the aesthetic and intellectual reasons for its original creation.

Lord Rothschild was wise and generous enough to ensure that this extraordinary effort was accomplished by a broadly based team. He saw Spencer House as an opportunity to engage the very serious and impressive range of talent that is available in England in the field of conservation and historical refurbishment.Those skills exist at two levels: one at the level of historical research – often but not always accompanied by a degree of taste and aesthetic judgment; and two at the level of finely honed craftsmanship. Spencer House today is a a brilliant example of the skills of contemporary British craftsmen and artists in paint, gilding, carving, sculpture and upholstery. Last weekend there was a highly successful "craftsman day" to show to the public how some of the fine results were achieved.



Mark Fiennes

Created and recreated: the house of the first Earl Spencer overlooks London's Green Park

Joseph Friedman's chronicle is a rewarding account of the whole history of the creation and re-creation of the house. He is right to emphasise the important transitional nature of the architecture of the house. Fascinatingly, it was begun by one architect, John Vardy who died in 1765 and represented the English Palladian school of classical architecture, and was completed by James Stuart (1713-88), who was known as "Athenian" Stuart and was the pioneer of the Neo-Classical revival in England based on Roman and then Greek original sources. Friedman also points out the importance of symbolism, allegory and metaphor in eighteenth century architecture – an area that today needs exposition in a way that would have amazed our well-educated eighteenth century forebears.

The story of the building of the house for the first Earl Spencer between 1756 and 1766 is colourfully told in this book – a clear picture unfolds of the tastes and ambitions of the patron and of his Countess, the agreeable and influential Georgiana. The selection of John Vardy as the architect was partly because he came with the site that Spencer purchased in St James's. A more interesting choice was that of Colonel George Gray as an adviser to the 21-year-old John Spencer. Little is know about Gray beyond the fact that he was both a professional soldier and Secretary and Treasurer of the Society of Dilettanti – a dining club for gentlemen who had accomplished the Grand Tour. This group, when it was not engaged in serious drinking, had a didactic purpose to rejuvenate English art and architecture by speading knowledge of classical archaeology.

Mr Friedman's researches for this work have been twofold. He prepared an impressive report on Spencer House before work started on site for the restoration. This was a crucial element as it helped to ensure a very high standard of accuracy throughout the project. As the bibliography shows Mr Friedman has gone on to discover even more sources which enrich the quality of his book. To me the most fascinating part of the book is the section entitled, "A Revolution in Taste", where the original classical sources are both described and illustrated with a rewarding thoroughness. Some of this may be speculative but the publication of the illustrative sources for the Palm Room and the Painted Room in particular seem to be exhaustive. The chapter on Athenian Stuart's work on the first floor of Spencer House reveals both the author's saturation in the source material and the controlled but rich nature of Stuart's Neo-Classical style. There is nothing arid about the revival of the classical past in this house and with Mr Friedman as your dragoman the lost meaning of much of the decoration and the architecture comes intriguingly back to life.

There is a great deal in this book about people and politics – indeed you could simply read about the people and glance at the sumptuous pictures that were specially commissioned from Mark Fiennes if the architectural detail becomes overwhelming. But I suspect that you will agree that this is the most enjoyable architectural book to be published for a long time – it is a brilliant story, well told with a triumphantly happy ending.

Spencer House is available for private and corporate entertaining. It is open on Sundays (except August and January). Booking enquiries: 071-499 8620.

Concert/**Roderic Dunnett**

Damnation of Faust

Berlioz's *The Damnation of Faust* was premiered in Paris on a freezing November afternoon in 1846, to a half-empty Opéra-Comique. The concert was a financial disaster. No such misfortune attended the admirable performance at the weekend which concluded the fortnight-long Canterbury Festival.

To hear a revival of this luxuriant, semi-erotic French masterpiece in an English cathedral seems as remarkable as it is welcome. The festival's theme has focused on Faust this season to mark the quatercentenary of Christopher Marlowe's death. As a climax, Berlioz's "Dramatic Legend" could not have been a better choice.

The widely-admired staging at the Royal Opera conducted by Sir Colin Davis recently revived debate about the work's stage viability. Berlioz conceived it as a series of audial tableaux, incorporating material dating back two decades.

This was a performance to remember, in an acoustic distinctly favourable to Berlioz's rich orchestral resonances. Much was owed to the direction of Richard Cooke, former conductor of the LPO Chorus, well on top of the work's large scale architecture and broad sweep: the pacing intelligent (if not always quite thrusting enough), with attention to chorus leads, although somewhat neglecting his soloists.

Key to the success was the splendidly disciplined Canterbury Philharmonic Orchestra. One was constantly reminded that here was the home of the distinctive Kent Opera. Rich-toned strings, meticulous tuning, with strong legato and alertness to Berlioz's arching melodic lines; warm brass and (apart from the odd passage) impeccable woodwind; plus two graceful, sensitive solos on viola and cor anglais.

All four vocal soloists rose to the occasion. As Faust, Martyn Hill, replacing the indisposed Neil Archer, surprised by the range of his interpretation – a bit introverted at the start, uncertain of the odd top note, yet growing into a difficult characterisation. As Faust's idealised Gretchen (Margareta), Eleanor Bennett launched shakily, but warmed in the duet and won hearts with her ensuing romance.

The cement to this performance was the singing of Mephistopheles by Brian Bannatyne-Scott, a jovial demon whose malicious energies inspired some of Berlioz's most witty and original vocal writing. This was a fine reading: flexible and assured, with clear words and just the right amount of controlled gesture. He was well supported by an attentive men's chorus, largely abreast of the trickier passages. Upper voices were disappointing – less honed and secure, and at worst, almost inaudible. But the freshness and invention of Berlioz's kaleidoscopic score were amply displayed. The performance was clear vindication of a marvellous (and profoundly influential) work.

INTERNATIONAL

ARTS GUIDE

■ BERLIN

OPERA/DANCE

Deutsche Oper The main event this week is the premiere on Fri of Peter Schaufuss' new production of Swan Lake, which runs in repertory this month with his versions of Nutcracker and Sleeping Beauty. Operatic repertory over the next two weeks consists of Die Zauberflöte, Die lustigen Weiber von Windsor, Don Giovanni and Gluck's Orfeo. Helen Donath gives a song recital on Thurs (341 0249)
Staatsoper unter den Linden Daniel Barenboim conducts revivals this month of two of last season's most successful new productions – Parsifal and Die Brautwahl. Parsifal (Nov 7, 14) is a Kupfer production with a cast led by Poul Elming, Kurt Moll and Deborah Polaski. The rarely-staged Busoni can be seen on Nov 17, 19, 21 and 28. Other highlights include a song recital by Waltraud Meier on Nov 8, concerts conducted by Christoph von Dohnanyi on Nov 11 and 13, a chamber music recital with Barenboim and Dietrich Fischer-Dieskau on Nov 17 and a gala concert with Placido Domingo on Nov 27. This week's repertory includes Tannhäuser, Entführung and Aida (200 4762/2035 4494)
Komische Oper A new ballet by German choreographer Arila Siegert, entitled Circe und Odysseus and set to music by Gerald Humel, is premiered on Sun (229 2555)

CONCERTS

Philharmonie Tonight: Marcus Creed conducts Akademie für Alte Musik in Handel's Israel in Egypt. Tomorrow: Armin Jordan conducts Orchestre de la Suisse Romande in works by Gaudibert, Schumann and Shostakovich, with piano soloist Martha Argerich. Thurs: Uwe Gronostay conducts Berlin Philharmonic Chorus in Duruflé's Requiem. Fri: Daniel Barenboim plays Schubert Impromptus. Sat, Sun morning, next Mon: Simon Rattle conducts Berlin Philharmonic Orchestra in Rameau and Berlioz. Murray Perahia plays Beethoven piano concertos with the BPO on Nov 16, 17, 18, Dec 8, 9, 10 and Dec 14, 15 and 16. Claudio Abbado conducts concert performances of Boris Godunov on Nov 28 and 28 (2548 8132)
Schauspielhaus Thurs, Fri, Sat, next Mon: Marek Janowski conducts Berlin Symphony Orchestra in works by Zimmermann and Bruckner (2090 2156)

■ NEW YORK

THEATRE

● Angels in America: Perestroika, the second half of Tony Kushner's epic contemporary drama, is in previews, running in repertory with part one, Millenium Approaches (Walter Kerr, 219 West 48th St, 239 6200)

● Timon of Athens: Shakespeare's rarely performed play, updated to the jazz age in this National Actors Theatre production directed by Michael Langham (Lyceum, 149 West 45th St, 239 6280)

● Cyrano: a musical based on Edmond Rostand's classic love story. This production, with Dutch actor Bill van Dijk in the title role, originated in Amsterdam. In previews (Neil Simon, 250 West 52nd St, 307 4100)

● The Red Shoes: a new musical based on the 1947 film by Michael Powell about a choreographer and a young ballerina torn between her passion to dance for him and her love for the composer of The Red Shoes. Music by Jule Styne, book by Marsha Norman, choreography by Lar Lubovich. Starts previewing tomorrow (Gershwin, 51st St, west of Broadway, 307 4100)

● She Loves Me: the 1963 Bock, Harnick and Masteroff musical directed by Scott Ellis – a delicate, unabashedly simple story with all the humanity, integrity and charm that Broadway's glitz-laden mega-musicals lack (Brooks Atkinson, 256 West 47th St, 307 4100)

● Desdemona: Paula Vogel's comedy takes a backstage look at Shakespeare's Othello. In previews, opens Nov 11 (Circle Repertory, 99 Seventh Ave South, at West 4th St, 239 6200)

● Four Dogs and a Bone: a satire, written and directed by John Patrick Shanley, on moviemaking and the power plays between producer, screenwriter, seasoned actress and aspiring starlet (City Center, 131 West 55th St, 581 1212)

● How to Write a Play: a loosely autobiographical farce by Charles Ludlam, about a man who must either write a play or lose the grant money given to his theatre. In previews, opens next Mon (Ridiculous Theatrical Company, One Sheridan Square, at West 4th St and Seventh Ave, 691 2271)

OPERA/DANCE

Metropolitan Opera Placido Domingo sings the title role in Verdi's Stiffelio tonight and Sat. Repertory also includes La boheme with Veronica Villaroel, Carol Neblett and Richard Leech, plus Die Zauberflöte and Madama Butterfly. Nov 11: first night of new production of Rusalka (362 6000)
State Theater New York City Opera has performances this week of Le nozze di Figaro and three Puccini works – La Rondine, Madama Butterfly and Tosca. The final two weeks of the season will be devoted to Rodgers and Hammerstein's Cinderella (870 5570)
Joyce Theater Trisler Danscompany in residence from tomorrow till Sun. Next week: Isobobs. Nov 16-28: Garth Fagan Dance (242 0800)

CONCERTS

Avery Fisher Hall Tomorrow: Raymond Leppard conducts New York Philharmonic Orchestra in works by Bartok, Grieg, Ravel and Tchaikovsky. Thurs, Fri, Sat, next Tues: Christopher Keene conducts world premiere of Tison Street's Bright Sambas, plus music by Vaughan Williams, Poulenc and Stravinsky. Nov 12, 14: Herbert Blomstedt conducts San Francisco Symphony Orchestra (875 5030)
Alice Tully Hall Tomorrow: Beaux Arts Trio and friends. Sat and Sun: Czech music festival (875 5050)
Carnegie Hall St Petersburg Philharmonic Orchestra gives concerts on Fri, Sat and Sun afternoon. Yuri Temirkanov conducts the first two and Mariss Jansons the third. The soloists are Dmitri Alexeev and Shlomo Mintz. Nov 11: Boulez conducts Boulez. Nov 13: Shura Cherkassky. Nov 17: Bolshoi Symphony Orchestra (247 7800)

■ PARIS

DANCE/OPERA

Palais Garnier Tomorrow and Wed: Ballet de l'Opéra de Paris in a Jerome Robbins programme. Sat, Sun, next Mon, Tues, Wed: Tokyo Ballet presents Béjart's new choreography, entitled M, set to music by Mayuzumi Toshiro (4742 5371)
Théâtre de la Ville Tomorrow, Thurs, Fri, Sat: Urs Dietrich of Folkwang Dance Studio Essen presents three new works. Next week: Lucinda Childs Dance Company (4274 2277)
Opéra Bastille Tomorrow: Jiri Kout conducts revival of Götz Friedrich's production of Katya Kabanova, cast led by Karan Armstrong, Yvonne Minton and Barry McCauley (repeated Nov 4, 6, 8, 10). Bob Wilson's new production of Madama Butterfly opens on Nov 17 (4473 1300)

CONCERTS

Théâtre des Champs-Elysées Tomorrow: Eugene Istomin piano recital. Thurs: José van Dam song recital. Sun morning: Jean-Claude Malgoire conducts Bach, with baritone soloist François Le Roux (4952 5050)
Châtelet Thurs: Eliahu Inbal conducts Orchestre National de France in works by Liszt and Richard Strauss (4028 2840)
Salle Pleyel Wed and Thurs: Semyon Bychkov conducts Orchestre de Paris in Beethoven and Stravinsky. The orchestra tours Japan Nov 6-25 (4561 0630)
Salle Gaveau Fri: Marilyn Horne sings baroque opera arias with Ensemble Orchestral de Paris (4953 0507)

JAZZ/CABARET

Blues guitarist and singer Spencer Bohren is in residence this week and next at Lionel Hampton Jazz Club (Hotel Meridien Paris Etoile, 81 Boulevard Gouvion St Cyr, tel 4068 3042)

THEATRE

French-language production of Büchner's Woyzeck, directed by Jean-Pierre Vincent, opens tomorrow at Le Rond-Point Théâtre Renaud-Barrault, daily except Mon till Dec 30 (4495 9800). Giorgio Strehler's Italian-language production of Goldoni's Le Baruffe Chiozotte opens at Odeon-Théâtre de l'Europe on Fri, except Mon till Nov 14 (4441 3636). Peter Sellars' English-language Aeschylus' The Persians three-week run at Bobigny, opening Nov 9 (4831 1145). Jorge Lavelli's Avignon Festival production of Edward Bond's Maison d'Arrêt Théâtre National de la Colline till Dec 12 (4366 4360)

ARTS GUIDE

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

European Cable and Satellite Business TV

(All times are Central European Time)

MONDAY TO THURSDAY
Super Channel: European Business Today 0730; 2230
Monday Super Channel: West of Moscow 1230.
Super Channel: Financial Times Reports 0630
Wednesday Super Channel: Financial Times Reports 2130
Thursday Sky News: Financial Times Reports 2030; 0130
Friday Super Channel: European Business Today 0730; 2230
Sky News: Financial Times Reports 0530
Saturday Super Channel: Financial Times Reports 0930
Sky News: West of Moscow 1130; 2230
Sunday Super Channel: West of Moscow 1830
Super Channel: Financial Times Reports 1900
Sky News: West of Moscow 0230; 0530
Sky News: Financial Times Reports 1330; 2030

Samuel Brittan

A unified Budget is worth the bother

The British Treasury is once more making threatening noises about tax increases of up to £5bn per annum. But it is not clear how far these are a response to a threatened overshoot of agreed spending limits for the next financial year and how far they represent an independent wish to tighten the fiscal stance. Only the first would be justified during a fragile and modest recovery – and then as a holding operation until the prime minister summons up the courage to confront his spending colleagues.

In any case, politicians and officials should resist the temptation to blame all their troubles on the decision of the last chancellor, Norman Lamont, to present a unified Budget covering both expenditure and taxation. Amazing though it is to retell, British Budgets have up to now covered only the tax side. The first unified Budget is due on November 30 and not before time. The last chancellor's decision to introduce it was widely commended, but is now the target of a hostile whispering campaign by grumblers who say that it is not working and that it will not last.

Something is indeed wrong. But the mistake is that the change has not gone far enough. For as Andrew Dilnot of the Institute for Fiscal Studies pointed out at an early stage, the Budget is now unified only in name. Public expenditure discussions are still taken in outline in July and in detail in autumn, a process which is now giving the cabinet so much trouble. Tax decisions are still made by the chancellor and the prime minister, after just a prudential consultation with colleagues. The main difference is that they have now to be made in a rush before the Christmas season, instead of in March.

The way forward should surely be to make the Budget genuinely unified: that is for the cabinet to discuss both spending and tax together at the same time. This does not mean subscribing to the primitive notion of an exactly balanced Budget or even a fixed borrowing requirement. The true housekeeping point is that, whatever level of borrowing is prudent in a given economic situation, extra spending on X still means less spending on Y or higher taxes; and the more that the noses of people like Malcolm Rifkind, the British Defence Secretary, can be rubbed into this logic the better.

The grumbles about a unified Budget are fourfold. First there is said to be an undue strain on the Treasury in a short period in the autumn. The second is that the gap between a late November Budget and the beginning of the financial year in April is said to provide a heaven-sent opportunity for parliamentary mischief-makers to try to overturn the chancellor's decisions. The third is that a November Budget has to be decided on the basis of a premature, and therefore unnecessarily bad, guess about economic and revenue prospects, compared with an assessment made in March. There is apparently a fourth objection: that the Conservatives are depriving themselves of the opportunity of a spring election a few weeks after a tax-cutting March Budget. This is not even good politics, overlooking as it does Abraham Lincoln's saying about not being able to fool all of the people all the time.

The mistake has been not to go far enough to bring tax and spending together

The answer to the first point about the overload on the Treasury is "hard luck". The seasonal pressures are a hazard of the job, as similar pressures are for farmers and fishermen. The second objection would amount to contempt of parliament if it had more substance. Where quick implementation is possible, as in the case of VAT and drink and tobacco duties, new rates can come into effect the day after Budget Day, irrespective of when that day is. The gap in implementing say, income tax decisions, is administrative and has little to do with the financial year. Indeed, November announcements should enable new income tax rates to come into force at the beginning of the financial year in April instead of in high summer.

Thus we are left with the third difficulty, of guessing the fiscal outlook a few months before the start of the financial year. On the Treasury's own doctrines this should be a minor problem. For the official view – not mine – is that tax rates should be set to bring the Budget back towards balance over several years, accepting that progress will be slow in years of recession or modest recovery and relatively fast when growth is more rapid.

If that is so, the chancellor should not be panicked into raising taxes because recovery is slower than foreseen; nor should he become more relaxed if economic prospects improve. In either case a departure from the target balance would be a helpful stabiliser – and even economists who are sceptical of such considerations are keen on stable tax rates, based on an assessment covering a whole business cycle, for supply side reasons.

It seems that, whatever politicians and officials think they believe, the ghost of Philip Snowden, the ultra-conservative Labour chancellor who tried to balance the Budget in the 1931 depression and destroyed his party in the process, still stalks the corridors. My own proposal, made in Economic Viewpoint on October 21, is for announcing slow-motion revenue increasing reforms, desirable in themselves, like phasing out mortgage interest relief, but coupling them with offsetting tax-cutting proposals to be introduced if the economic and fiscal position allows. This is hardly throwing caution to the winds.

Some stark financial numbers will dominate today's annual gathering of the world airline industry in Dallas, Texas.

Mr Pierre Jeanniot, the director-general of the International Air Transport Association (Iata), will report to the organisation's 221 airline members that they lost $11.5bn on international scheduled services alone between 1990 and 1992: more than all the net profits made by the industry since international airline services began just after the first world war.

The combined industry losses are even bigger if domestic services and other activities are included, swelling the total to $15.9bn for the same three-year period.

Although extensive cost cutting and restructuring, coupled with a slow but steady recovery in air travel after the Gulf conflict in 1991, have started improving the industry's overall outlook, Mr Jeanniot expects airlines to report another big loss this year.

"It will be surprising if Iata members' losses in 1993 are less than half of those in 1992," he says. That would put 1993 airline losses on international services at $2.4bn-$2.5bn after a record deficit of $4.8bn last year.

All this financial agony combined with increasing liberalisation has forced the pace of profound structural change. Direct employment has fallen by some 80,000 people and about 1,000 aircraft deliveries were cancelled or deferred last year as carriers continued to reduce costs by eliminating marginal operations, increase sub-contracting and concentrate on their core airline business, according to Iata's annual report.

They have also had to adapt to changing consumer demands fuelled by increasing cost consciousness in all sectors of the economy. This has led to an overall decrease in fares, (in real terms, the economy fare between New York and London is now half what it was in 1950), a reduction in first-class services, improved business-class services and growing demand for more low-cost leisure travel seats.

Perhaps the most significant trend has been the scramble for mergers and alliances, with airlines seeking to position themselves in an increasingly global and deregulated market. The list of partnership agreements completed or under negotiation keeps growing. Lufthansa of Germany last month forged a strategic link with United Airlines of the US; negotiations between Swissair, SAS, KLM and Austrian Airlines to combine their operations have reached a critical stage; and British Airways has bought equity stakes in USAir, Qantas and two smaller European regional airlines. These are just some of the bigger deals.

Slow recovery on the runway

High losses and liberalisation are forcing airlines to restructure, say **Paul Betts** and **David Gardner**

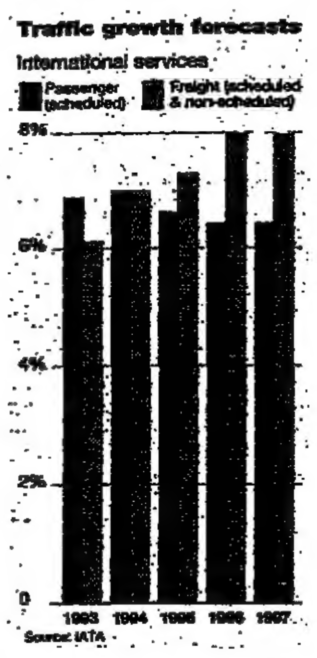
Iata airlines' corporate results 1988-92

$bn	1988	1989	1990	1991	1992
Operating revenues	125.1	144.5	193.2	186.2	199.8
Operating expenses	118.9	140.2	192.4	187.0	200.4
Operating result	6.2	4.3	0.8	-0.8	-0.6
% of revenues	5.0	3.0	0.4	-0.4	-0.3
Net result	2.5	0.6	-5.1	-3.3	-7.5
% of revenues	2.0	0.4	-2.6	-1.8	-3.8

Iata international scheduled services 1988-92

$bn	1988	1989	1990	1991	1992
Operating revenues	60.9	70.7	91.0	91.7	103.5
Operating expenses	57.5	68.1	90.5	92.3	104.5
Result before interest	3.4	2.6	0.5	-0.6	-1.0
Net interest payable	1.8	2.3	3.2	3.4	3.8
Result after interest	1.6	0.3	-2.7	-4.0	-4.8

Source: Iata



The financial losses of airlines have also provoked "unique" government responses, says Iata. "For the first time, governments on both sides of the Atlantic have simultaneously recognised the threat to the long-term viability of aviation as an integrated and global transport system," Iata notes in its annual report.

In the US, this has led to the establishment of a presidential commission to recommend steps to help restore the profitability of US carriers. In Europe, the EC has set up a committee of "wise men" which is due to suggest measures to support the recovery of the European airline industry by the end of the year.

But these government initiatives have once again raised the threat of a return to tighter regulations and protectionism. The concerns are particularly acute in Europe, where many state-owned flag carriers have been slower to restructure their activities and have been calling for more state support.

In contrast,the first tentative signs of improvement are emerging in the US industry, with several carriers, including American Airlines, the biggest US carrier, reporting profits in the third quarter of this year.

Under pressure from some national flag carriers and their government owners to reinstate some form of protection for European airlines, the European Commission has stated that it will resist any attempt to curb liberalisation in European air transport.

"What some of them are after apparently is a price cartel," says Mr Karel van Miert, the Belgian socialist who holds the EC's competition portfolio. "That, we cannot and will not allow. We won't accept a fare cartel or a capacity reduction cartel," he adds, accusing some airlines of "a certain nostalgia" for pre-open skies days – the era of airline cartels.

The most significant trend has been the scramble for alliances

Mr van Miert's warning followed a proposal by Belgium to reintroduce the capacity-sharing the EC has outlawed as well as Community funding for airlines in trouble to get round the tougher state aids regime the Commission is now enforcing.

Belgium has so far received little support for its ideas, except from France. But the financial plight of most European airlines makes it more than likely that such proposals will keep resurfacing, bringing new pressures on the Commission.

Mr van Miert, who, as transport commissioner, last year pushed through the third phase of EC airline deregulation, is clearly not prepared to see liberalisation rolled back. He also has the backing of air transport liberals led by the UK and the Netherlands.

Echoing these views, Sir Colin Marshall, BA's chairman, told the EC "wise men" that the European airline industry must be supported by policies which enhance competition. He added that capacity should be limited by market forces and not by voluntary agreement between airlines and that the restructuring of the European industry should be allowed to continue to enable airlines to improve their competitiveness. If airlines could not manage this, they should "go out of business", Sir Colin argued.

The Commission's analysis is that Europe's airlines have to reduce costs and consolidate into stronger alliances capable of taking on US and Asian carriers. Brussels is prepared to help, but only within the structure of deregulation.

The EC has, for instance, started investigations into monopolies for ground services, such as baggage handling and refuelling at airports in Spain, Italy and Germany. Liberalisation in these areas would reduce airline costs. So too would any success in the Commission and industry's campaign to unify Europe's costly and fragmented air traffic control system.

On state aid, the EC has in the past two years approved recapitalisations for Air France, Sabena, the Belgian airline, and Iberia of Spain. But approval was tied to restructuring plans with the EC warning these airlines they could not come back for more state aid in the future.

Air France, however, is again seeking fresh funds from its state shareholder as part of a restructuring programme which has provoked fierce reaction from its trade unions. Brussels will now also have to decide whether to let through government cash injections for Aer Lingus, Olympic Airways of Greece and probably TAP, the Portuguese airline.

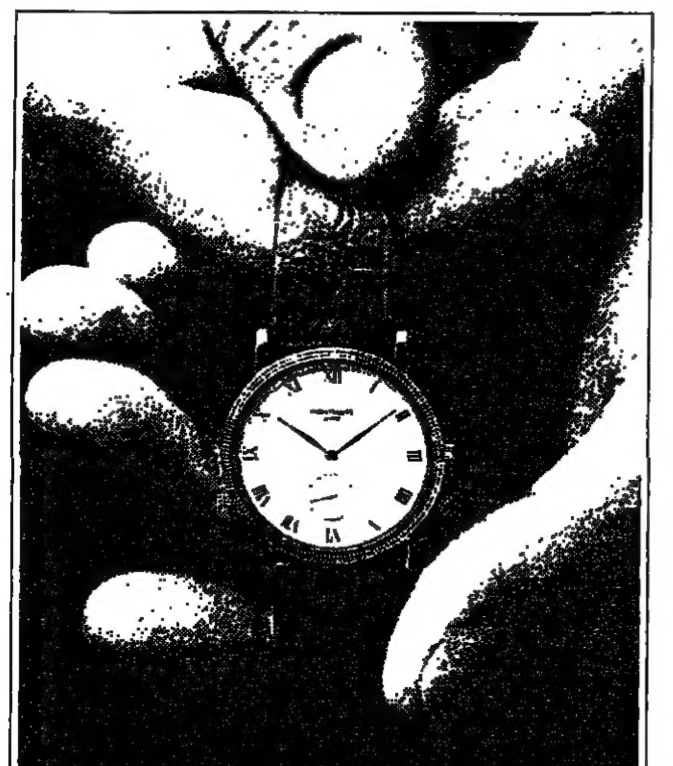
But the rearguard action by some European flag carriers to win more state support and reintroduce some of the old capacity and fares regulations is unlikely to halt the trend towards more "open skies". "I think we are now too far down the road to reverse the process," says Sir Colin.

For Iata, air traffic congestion at airports and in the air remains "the greatest long-term threat" to the industry. "Lack of infrastructure could limit both the size and scope of the future industry," it says in its annual report.

The scale of the infrastructure challenge is simply put. Last year, the airlines carried more than 300m international scheduled passengers. Even after scaling back earlier long-term air travel forecasts made before the latest crisis, Iata still expects average annual growth of 6.6 per cent between now and 1997. If this latest forecast proves correct, Iata estimates that 114m more people will be flying in 1997 than did in 1992.

The implications are clear. Without adequate new airport and air traffic control investments, the industry's wings will be clipped just as it starts showing signs of financial recovery.

For more than a century and a half, Patek Philippe has been known as the finest watch in the world. The reason is very simple. It is made differently. It is made using skills and techniques that others have lost or forgotten. It is made with attention to detail very few people would notice. It is made, we have to admit, with a total disregard for time. If a particular Patek Philippe movement requires four years of continuous work to bring to absolute perfection, we will take four years. The result will be a watch that is unlike any other. A watch that conveys quality from first glance and first touch. A watch with a distinction: generation after generation it has been worn, loved and collected by those who are very difficult to please; those who will only accept the best. For the day that you take delivery of your Patek Philippe, you will have acquired the best. Your watch will be a masterpiece, quietly reflecting your own values. A watch that was made to be treasured.



PATEK PHILIPPE
GENEVE

Exclusive Patek Philippe showroom: 15 New Bond Street London · Asprey & Co Ltd, 165 New Bond Street London
Garrard & Co Ltd, 112 Regent Street London · George Pragnell Ltd 5 Wood Street, Stratford-upon-Avon
Hamilton & Inches Ltd, 87 George Street, Edinburgh
Hettich Ltd 1 King Street Jersey Channel Islands

Watches of Switzerland
Selected Branches Nationwide

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Facing the unpleasant auditing decisions

From Mr Roger Davis.

Sir, In response to my plea (Accountancy Column, August 19) for auditors not to seek refuge in rule books, the chairman of the United States Financial Accounting Standards Board is right to say that accounting standards and professional judgment should be equal partners ("Balancing rules and professional judgment", October 14).

My concern is that they could become very unequal. Mr Beresford identifies correctly the tendency for business people and auditing firms to ask for more accounting rules so as to avoid having to make difficult judgments themselves. Major business decisions are inevitably influenced by accounting standards and it is vital not to create an unnecessary accounting straitjacket on company directors.

I agree with Mr Beresford that there is more to be done through accounting standards to ensure comparability of accounts. His example of merger and acquisition accounting – and how you account (or don't account) for goodwill – is a case in point in the UK.

But his other example of accounting for foreign currency hedges illustrates my point. To achieve accounting certainty, the standard setters have traditionally associated them with the balance sheet rather than with their real purpose of protecting future cash flow, which requires more judgment.

It is that kind of conflict between accounting definition and commercial reality which we need to avoid.

I repeat my request for business and the auditing profession to take more of the unpleasant decisions for themselves. In the long run this will be good for industry and good for the profession, and it will make life easier for Mr Beresford and his fellow standard setters.

Roger Davis,
head of audit,
Coopers & Lybrand,
1 Embankment Place,
London WC2N 6NN

No benefit to housing market

From Mr A M Coles.

Sir, You report, "Heroic assumptions and political realities" (October 28), that there will "probably [be] new restrictions on benefit payments to cover mortgage interest".

The exact nature of these restrictions is not clear. Nevertheless, it has been suggested in other media that the role which the state plays in protecting mortgage borrowers from the consequences of unemployment might be taken over by private insurers. There will be three major consequences of any such change, their severity depending on the extent of the reduction in state support:

(a) An increase in the number of repossessions. It is inconceivable that private sector schemes could be as comprehensive as that currently offered under the income support regulations. Any saving on expenditure on income support would probably be more than absorbed by increased expenditure on the provision of housing to the homeless.

(b) An increase in the cost of mortgage finance, reflecting both the increased risk of lending on mortgages, and the cost of insurance premiums.

(c) Some potential purchasers, identified by private insurers as particularly vulnerable to unemployment would find it very difficult to enter the market because unemployment cover would not be available.

At a time when the government is seeking to extend still further the groups of people able to become owner-occupiers through its rents to mortgages scheme, it is entirely inconsistent to be cutting back on the support which the state is able to offer if things go wrong. More generally, with the housing market remaining in deep recession, changes of the type being proposed will have the effect of putting back still further any meaningful recovery in activity.

A M Coles,
director general,
Council of Mortgage Lenders,
3 Savile Row,
London W1X 1AF

Government commitment on Bosnia still strong

From Mr Douglas Hogg MP.

Sir, Edward Mortimer ("No news is good news", October 27) implies that, because Bosnia and Iraq are now less in the headlines, the government's concern, and Britain's efforts to promote peace and to relieve suffering, have lessened. This is quite wrong. Notwithstanding a reduction in media coverage, these issues and the plight of the civilian populations affected remain very high on our agenda.

We are aware of the humanitarian crisis Bosnia faces as a result of the continued fighting and winter conditions. All parties have been responsible for actions which have disrupted the aid convoys. But all convoys in the area covered by the 2,300 British UN forces get through, albeit sometimes after delay. Our troops have escorted more than 1,500 convoys carrying nearly 70,000 tonnes of supplies. The RAF has flown nearly 900 flights to Sarajevo delivering more than 11,000 tonnes. We shall continue our aid effort this winter.

There can be no question of using force to fight the aid through, as Mr Mortimer suggests. This would inevitably draw the UN forces into the conflict, threatening both their security and the humanitarian effort itself. But the threat of air strikes agreed by Nato in August still stands: the Serbs and others must be in no doubt about Nato's determination to launch such strikes if they resume, for example, the strangulation of Sarajevo.

It is true that the Bosnian Moslems' effective rejection in late September of the peace package negotiated by Lord Owen and Mr Stoltenberg has dealt a blow to the prospects for an early end to the fighting. But they are continuing their efforts, which offer the only real hope of a lasting peace.

We do not suppose that reconvening the international conference – probably in Geneva, not London – would, by itself, produce a solution. Any such conference must be properly prepared, with movement beforehand by all parties to the conflict. That is what the co-chairmen are pursuing.

As for Iraq, we have not relaxed our pressure. Nor will we do so until Iraq complies fully with its obligations, under the Security Council's ceasefire terms. We will do what we can to give political and material support to the population in northern and southern Iraq while the regime continues its repression. But recognition of an alternative provisional government is not on the agenda. Indeed, the Iraqi opposition itself is committed, as we are, to maintaining the unity of Iraq.

Douglas Hogg,
minister of state,
Foreign and Commonwealth Office,
London SW1A 2AH

The politics that does not deserve space

From Mr P B Matthews.

Sir, As a recent convert to the FT, I hope you will allow me to say how much I disagree with the letter from Jack Straw (October 28).

In considering what to publish, newspapers must remember that readers' time is limited, and hence what matters is the importance to them of politicians' speeches compared with other matter competing for space. I recently co-wrote a book on a major new piece of legislation, and for this purpose I was obliged to read every debate in both Houses of Parliament (including committees). Frankly, 95 per cent of what I had to read was drivel that did not deserve to be printed, even in Hansard, let alone in newspapers. And Mr Straw may care to note that most of the remaining 5 per cent was uttered in the House of Lords. I prefer to read a newspaper which prints things of some value.

Granted, actual decisions of government or parliament, and the occasional policy announcement, are – or may be - news, and may be reported on that basis. However, the puerile posturing of self-important, second-rate intellects is not. Hence my preference for the FT.

Paul Matthews,
Hopkins & Wood, solicitors,
2-3 Cursitor Street,
London EC4A 1NE

FINANCIAL TIMES
Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700
Monday November 1 1993

European union

AS OF today, the Treaty of Maastricht is legally in force. Whether they like it or not, and whether they know it or not, all nationals of the 12 member states of the European Community woke up this morning as something which last night they were not, namely citizens of the European Union (EU).

That may not make them feel any different. Its only direct practical effects are to give them the right to petition the European parliament, on matters of EC competence which directly concern them; the right to complain of EC maladministration to an ombudsman appointed by the parliament; and, if they are resident in a member state other than their own, the right to vote in European elections (starting next year) and local elections (starting in 1995).

Yet the EU is more than the EC writ large. Besides the EC itself, it includes two other "pillars". One is intended to provide it with a "common foreign and security policy", leading in time to a common defence policy, perhaps even a common defence. The other institutionalises co-operation between the member states on justice and home affairs.

Within the Union, the EC itself is significantly modified by the treaty – though the most spectacular changes, creating an economic and monetary union (Emu), are supposed to take full effect only in five, or at the earliest three, years' time. Events since the treaty was signed have made it doubtful whether either this timetable, or the procedure envisaged, are realistic. The European Monetary Institute, which will start work on January 1, should see itself not as the police force of the treaty but as a useful forum for rethinking both the path to Emu and how best to manage what may prove an extended interim period.

Taken as a whole, the treaty was drafted too soon and too quickly to be an adequate response to the collapse of communism. That has brought into being a Europe radically different from the one in which and for which the EC was built. The chance to extend western Europe's zone of prosperity and security eastwards is far too valuable and the risk of contagious instability in central Europe if the chance is missed far too great, for the EC to be able to ignore it. Hence the historic decision, made in Copenhagen last June, that "the associated countries in central and eastern Europe that so desire shall become members of the European Union".

Strategic issues

But to meet the needs of a new and wider Europe the EC will have to adapt in ways different from, and more radical than, the changes that come into force today. The principle of the sacrosanct *acquis communautaire* – that new members must adapt to arrangements previously agreed between existing members, rather than vice versa – will simply not work when what is envisaged is an expansion that will eventually double the number of member states, bringing in new members with very different political and economic traditions.

It is true that that expansion will take some time. But it would be folly to imagine that the problems can be solved by dealing with them piecemeal, in a succession of negotiations with small groups of applicant countries. On the contrary, that procedure would virtually ensure that the strategic issues were not confronted and that the end product was utterly incoherent and unworkable.

As things stand, the EC is pursuing enlargement negotiations with four Efta countries, and is due to hold an intergovernmental conference in 1996 to revise the union treaty as far as seems desirable in the light of experience. It might make more sense to bring the conference forward and combine it with the enlargement talks, so that the parliaments and electorates of all 16 countries could consider the results simultaneously.

On the day-to-day level, the immediate task for the 12 must now be to try to operate the institutional machinery provided by the treaty and see how it works. But that should be combined with serious thought at the strategic level about the union of the future – a process which cannot be confined to 12 states or even 16. All the likely future members of the union must be involved in it, which means that some sort of skeleton institutional structure for it should be established as soon as possible.

It is clear that a union of the size and diversity envisaged cannot be highly centralised. It should have a single, open market, but its member states must be free to experiment with measures to alleviate their employment problems and to decide, within limits, their own macro-economic policies. For unless it can achieve sustained economic growth and unless it can reduce unemployment well below its current levels in both eastern and western Europe, the union is doomed to fail. It faces a formidable challenge from the new and dynamic economies of east Asia. It has no hope of meeting that challenge if it seeks to impose on all its members the social regulations that the most prosperous still think they can afford.

Open relationships

Full economic and monetary union of such a large area could only come about over several decades, if at all. Even then the national identities of the member states and the desire of their peoples to retain control of their own destinies, would have to be carefully entrenched and protected. They would not tolerate any attempt to merge them into a single state, even a federal one.

There could and should be no question of such a union fencing itself off from the rest of the world with tariff or non-tariff barriers. On the contrary, Europe can remain prosperous only if it maintains open relationships with the rest of the world, particularly in trade and investment. Indeed, the union should play a major role in securing global economic order.

Yet to talk of "playing a role" implies a capacity to take decisions and to act on them; and a union of that size will not be able to avoid responsibilities in the area of physical as well as economic security. So although "widening" may rightly be seen as the enemy of "deepening", when the latter means a highly intrusive central power, the same is not true when "*deepening*" means strengthening the ability of the union to decide and to act within the areas agreed.

In matters essential to its functioning and survival – notably internal and external trade, free movement of capital and labour, but also the key areas of foreign and security policy, including immigration, asylum, the fight against transnational crime and at least some aspects of defence – decision-making processes will need to be streamlined and sovereignty pooled. The union will not be effective in a crisis if its every move has to be unanimously approved in advance by the representatives of 20 or 30 separate bureaucracies. A central question will concern the necessary increase in the voting weights to be exercised by the large countries within the community.

It will obviously be a long time before even all the existing members, let alone all the future ones, are ready to make the sacrifices of sovereignty required for an effective union in this sense. Some, moreover, will be more interested in participating in the economic and monetary aspects, while for others the issues of physical security will be paramount. It is therefore inescapable that those who are ready to act together in a particular area should move ahead and do so, using or creating whatever institutions are necessary. That is already happening with border control (the Schengen treaty), with defence (the Western European Union), and with the management of exchange rates. It would happen for Emu even if Maastricht were applied to the letter, since not all member states would be ready for stage three at the same time. "Variable geometry" is not something to be ashamed of. It is in fact the only way a viable European union can be built.

Kodak's new chairman wants the group to play a leading role in the information revolution, writes **Martin Dickson**

Focusing on grander horizons

It was one of those rare shifts of perspective that make the world suddenly look a very different place.

It came courtesy of Mr George Fisher, one of America's most respected managers, who caused some surprise last week by moving from the chairmanship of high-flying electronics group Motorola to head Eastman Kodak, the struggling photographic products giant which had ousted the previous chairman, Mr Kay Whitmore, because of its lacklustre financial performance.

What, in addition to an extremely generous pay package, would prompt Mr Fisher to exchange his comfortable job for such a bed of thorns and abandon suburban Chicago for the stolid provincialism of Rochester, Kodak's home town in rural upstate New York?

The 52-year-old Mr Fisher explained he had a vision of Kodak playing a leading role in the "information revolution" – shorthand for the convergence of the communications, computer and information sectors into one giant multi-media industry, tied together by their ability to transform data into common, digital electronic form.

"I have lain awake for the past two nights thinking about the possibilities," he enthused, adding that while 90 per cent of his ideas might not work, 10 per cent of them would be "killers".

On one level he was stating the obvious: Kodak, at heart a chemicals company, knows its long-term prosperity depends on it mastering the electronics revolution which is transforming photography, along with so many other industries.

The company has, after all, poured vast sums of money into electronic experiments over the past decade. And many of them have been failures – a reminder that Mr Fisher's grand schemes may be devilishly hard to deliver.

The importance of his remarks was that he presented a snapshot of a bold, aggressive and optimistic enterprise, riding the crest of a technological wave – and the picture carried a degree of conviction, thanks to his successful career so far on the cutting edge of the electronics industry.

That is a stark contrast to today's popular image of Kodak. For it is a company, lacking any compelling vision, which has been defined for a decade or more not so much by its possibilities as by its problems. Its stumbling attempts to overcome them present a case study in the difficulties of shaking up a rigid, corporate culture.

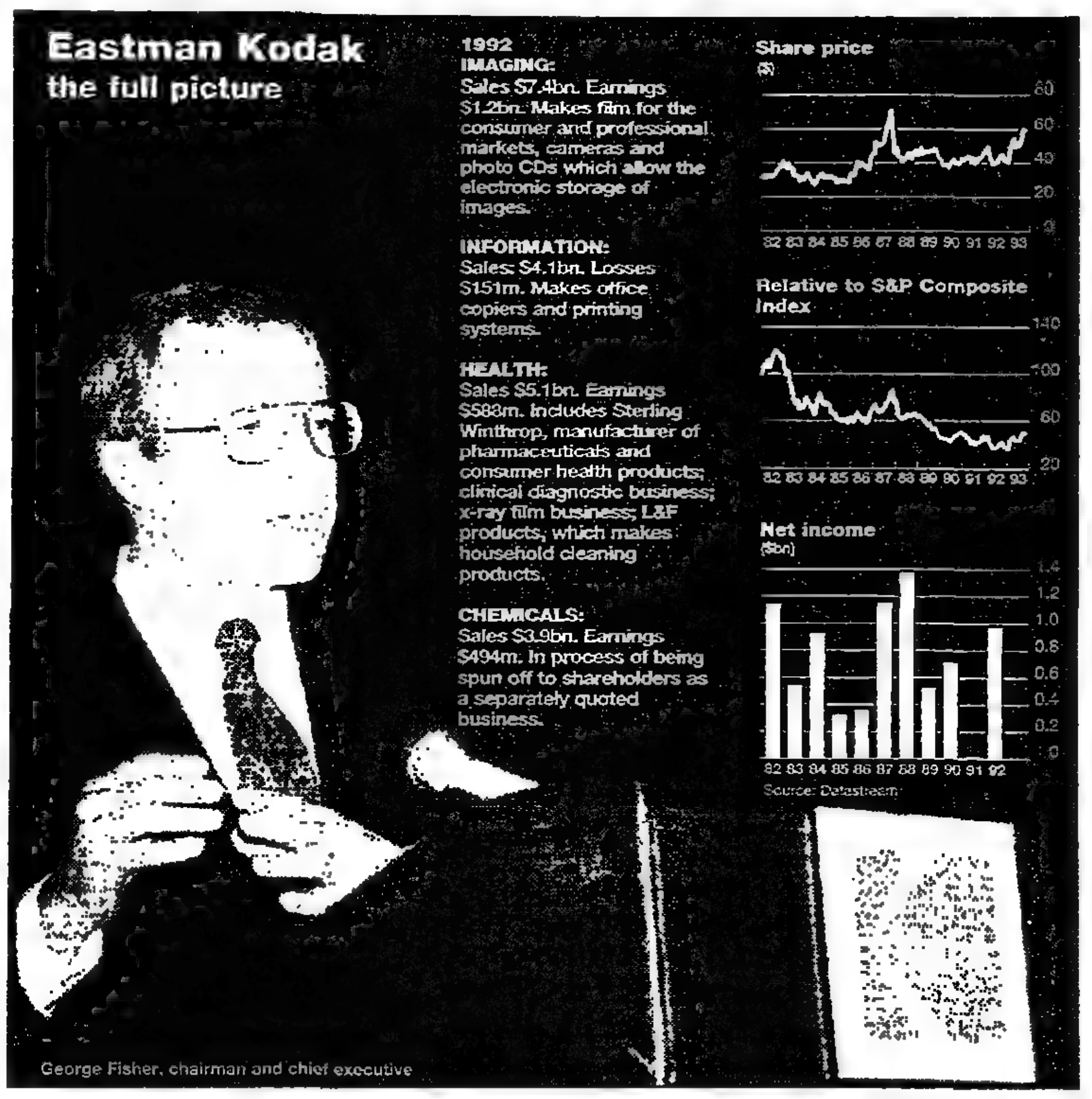
Ever since the 1970s, the company, which pioneered the mass-market photography industry and remains the world's largest manufacturer of film, has been haunted by two big threats.

One is electronics, which allows images to be created without the chemical process which has characterised the photography industry since its birth – the sensitivity to light of silver halide salts. Electronic cameras, ranging from simple consumer camcorders to sophisticated still cameras, have been nibbling away at the market for traditional film, although they do not yet pose a serious threat to it and may not for many years. This is partly because no-one has yet invented a cheap, high-quality, digital still camera and partly because silver halide is still unrivalled as a medium for capturing the sharpest, most subtle images.

The other threat to Kodak is more immediate. It faces increasing competition in the film manufacturing business – the company's financial engine, churning out a fabulous stream of cash flow – from manufacturers of rival branded and own-label goods, sold at a discount to Kodak's product.

Its arch-rival is Japan's Fuji Photo Film, known for its bold colours and a history of innovation, but others include Germany's Agfa and America's 3M.

The competition has been growing for several decades – a period when growth in the western world's consumption of film has slowed from around 10 per cent a year to a modest 4 per cent.



George Fisher, chairman and chief executive

Despite years of competition, Kodak still commands well over half the global film market and may even have been gaining share in some countries, as its reputation for quality, – its single most important asset – recovered from a dip in the 1980s. It retains one of the world's most powerful brand names.

The trouble is that a combination of sluggish sales growth, loss of market share and pressure on prices has held back its photography profits, while the company has poured the cash from this business into lavish levels of research, gold-plated capital investments and unsuccessful diversifications which have failed to lift earnings.

Eastman Kodak has been defined for a decade or more not so much by its possibilities as by its problems

To no avail it has also taken a succession of large charges against earnings for restructurings over the past eight years and implemented two big changes in management structure – the second to put right the flaws in the first.

"The frustration of many long-time shareholders is that the company seems to have spent these vast sums of money...and there hasn't been an incremental return on those investments," says Mr Michael Ellmann, an analyst at brokers Wertheim Schroder.

Indeed, Kodak's 1992 net income of $1.15bn (£821m), on sales of some $20bn, was slightly lower than its income in 1982 and the company is forecasting operating earnings this year no higher than last.

Many of the company's problems are personified in 61-year-old Mr Whitmore, who became chairman in 1990. He is a cautious, kindly man who joined Kodak as a film manufacturing engineer in 1957 and is steeped in the company's paternalistic culture. Repeatedly prodded by shareholders and the board, he started drawing up a plan of action this year to improve the company's performance, including cuts in the research budget and the spinning off of its bulk chemicals subsidiary as a separately quoted company.

But he seemed unwilling to take the tough action needed to boost earnings from the current 5 per cent of sales to the board's 10 per cent target, including severe job losses. And he appeared unable to articulate a clear growth strategy.

Yet while Mr Whitmore has become the fall-guy, the roots of Kodak's problems stretch back through at least two other chairmen – and arguably to the origins of the company set up in Rochester in 1880 by George Eastman, a high school drop-out.

Eastman, a marketing genius who sold the world's first simple camera under the slogan "you push the button, we do the rest," built Kodak into the dominant force in the industry, at one time commanding some 90 per cent of the film market. He was also a pioneer in labour relations, lavishing generous health care and retirement benefits on the workers of Rochester, a city whose most striking landmark remains the solid, square tower of Kodak's headquarters.

Kodak's extraordinary success, combined with the insularity of Rochester and the company's dominance of the town, bred a mixture of complacency and arrogance.

Kodak found Japanese rivals stealing a lead with easier to use cameras, faster films, more efficient processing and marketing innovations such as the disposable camera, which is thrown away after its pre-packed film is processed.

When Kodak started realising its problems, its efforts to right matters were often half-hearted, ill-focused, or wrong

Its arrogance was demonstrated most clearly in its reaction to Polaroid's invention of the instant camera. Kodak first dismissed it as a fad, but belatedly followed Polaroid's lead – only to be forced from the market by a 15-year patent infringement suit which cost it $925m in a 1991 settlement.

Even when Kodak began to realise its problems, its efforts to right matters were often half-hearted, ill-focused, or just plain wrong.

In the film business, for example, it took an expensive gamble on disk cameras – small cameras with film mounted on a disk – which it hailed in 1982 as the "new engine which will drive amateur photography." But consumers favoured the simplified 35mm cameras pioneered by Japanese rivals, which produced higher quality pictures. Kodak abandoned the disk five years ago.

It made an abortive foray into marketing Japanese-built camcorders and squandered a lead over Xerox in photo copier design.

It diversified into a hodge-podge of businesses (many of them sold during the past year), such as Atex, the newspaper copy processing system. The spree culminated in 1988 with the $5.1bn purchase of Sterling Drug, a pharmaceuticals and over-the-counter drugs company.

Kodak could advance a plausible rationale for a pharmaceuticals acquisition: its chemicals expertise has given it a wealth of formulae which could be useful to a drugs company. But it paid a fancy price for Sterling, a company with a thin research pipeline which so far has failed to pay its way – while landing Kodak with a vast debt burden.

However, the record is not universally dismal. In the electronics field, Kodak and its Dutch partner Philips have scored a considerable coup with their invention of the photo CD system, introduced last year. This involves scanning ordinary silver halide photographs into digital form and then storing them on discs, like compact records. Using a photo CD player, the pictures can can then be displayed on television or computer screens.

But while increasingly popular with business users, this transitional technology between the silver halide and digital worlds has failed to take off in the important consumer market. "It's not inexpensive, it tends to be complicated for the average consumer and it's just not walking off the shelves," says Mr Eugene Fram, professor of marketing at the Rochester Institute of Technology. In other words, it's not a profits blockbuster.

Kodak may have some significant digital inventions in the pipeline. One rumour suggests it is near to unveiling a camera developed jointly with computer company Apple. Yet some critics argue that the company has been reluctant in the past to commit wholeheartedly to electronic photography, for fear of the damage this could cause to the silver halide side.

To the extent that electronics needs a shot in the arm, it should get one from Mr Fisher, whose whole career has been spent in this industry – first at Bell Laboratories, the American Telephone & Telegraph research centre, and since 1976 at Motorola, where he has played a central role in turning the company into a leading manufacturer of mobile telephones and pagers and the world's fourth largest semi-conductor manufacturer.

But his most immediate problems will be more prosaic and unpleasant. Despite little experience in corporate retrenchment, he needs to cut costs quickly – possibly with job losses above the 10,000 reluctantly announced by Mr Whitmore in August – to increase cash flow and reduce Kodak's debt burden.

He may also sell peripheral assets. He intends to keep the healthcare division as one of two "pillars" of Kodak, alongside imaging, having been pleasantly surprised by an independent report on the business prepared for him by an investment bank. But analysts think the barely profitable photo copier business might go and also the household products subsidiary.

No less important for the long-term will be rebuilding the management team – a task at which Mr Fisher is said to excel – and instilling in it a greater degree of marketing expertise than Kodak has displayed recently.

As a cure for myopia, Mr Fisher might also consider moving the headquarters from Rochester. As it is, his first comments have raised Kodak's sights from the humdrum, but necessary, task of restructuring to far grander horizons of technological triumph.

Visions, of course, are two-a-penny, and it will be no easy matter to turn this champion of the first industrial revolution into a winner in the next. But at least it's a start.

OBSERVER

Boo to EU?

■ For all you folk soundly asleep at midnight last night, unmoved by the passing of a momentous historic occasion, welcome to European Union.

"Nothing could better illustrate this stillborn treaty than its coming into effect on the eve of the day of the dead". One of many to remark on the *ennui* with which the treaty's coming is greeted, French far-right nationalist Jean-Marie Le Pen may have a point.

By contrast with the short history of the European endeavour, All Souls' Day was first celebrated 995 years ago at the behest of Odilo, abbot of Cluny. He had been struck by the tale of a pilgrim returning from Palestine who had been wrecked on a rocky isle, home to a hermit. The pilgrim had promptly been led to a fiery crevice, from which issued the groans of tormented souls. The good abbot duly ordered that a day be set aside to commemorate all those in purgatory.

How long, then, should Europe's politicians suffer before they are forgiven for signing Maastricht?

Hot property

■ The rest of Europe may fiddle, but the mighty Deutsche Bank seems to have its eye on the main chance. Last week, Germany's leading commercial bank completed probably the largest property deal in the British capital in more than two years when it acquired, through its 60 per cent owned subsidiary DGI, the long leasehold of One Exchange Square.

So now that it has become landlord to the European Bank for Reconstruction and Development, why not offer that other breed of Eurobankers a home as well, seeing the EMI has been secured by Frankfurt?

After all, the idea that Europe's new central bank should be housed in the cavernous IG Farben building was always faintly risible, given that the simply vast edifice built for the pre-1945 chemical conglomerate has since housed as many as 60,000 US soldiers.

As the Bundesbank has rented a number of floors in the landmark Messeturm skyscraper, that too is ruled out if the new Eurocrats are to be spared waspish words in the elevators.

But what about the so-called Trianon, the brand new building a D-Mark's throw away from Deutsche Bank's twin towers? Ten floors higher, it was originally supposed to be the new headquarters of BfG, but it was snapped up by Deutsche when the former union bank fell on hard times. It is only two thirds let, so EMI president designate Alexandre Lamfalussy might like to turn up to the dedication bash this

'My salary smirks at gravity'

Thursday to have a look around.

Then again it is perhaps not a long-term solution. Intended to be redolent of Marie-Antoinette's village in the grounds of Versailles, the name of the building could prove something of an embarrassment, as EU enlargement progresses. Not everyone will have forgotten the 1920 Trianon treaty according to which two thirds of Hungary's territory was confiscated after the first world war.

Gas bags

■ It was, by all accounts, a very auspicious meeting, when Cedric Brown, chief executive of British Gas, first sat down with his new regulator, Clare Spottiswoode.

Spottiswoode, who takes over from Sir James McKinnon today, invited herself round a few days ago for an hour's introductory chat. The pair hit it off so well that she stayed for two and a half.

"It was very constructive and wide-ranging," beams Brown. "We talked about issues spanning the whole breadth of the business in a way which we'd never done before. It bodes well."

Which marks something of a departure from the stormy encounters that characterised British Gas's relationship with Sir James in the bad old days.

Even McKinnon has mellowed a touch. At his farewell party last week, he spoke almost fondly of the people "in that building down by the river" - not that he could bring himself to mouth the name of the company inhabiting the Thamesside headquarters.

Knock knock

■ Guess who's moving in next door to Lord Rothschild, Rupert Murdoch and John Paul Getty 11 in a particularly salubrious corner of St James's, just off London's Green Park? Popping round for a cup of sugar any moment now will be Tiny Rowland's *bête noire*, Dieter Bock, the German financier, who last week rechristened his Lonrho colleague as his "dear disjointed chief executive".

The building containing Bock's new flat was designed in 1960 by the high priest of British modernism, Sir Denys Lasdun. Being something of a design freak himself, Bock is in the process of gutting the apartment to return it to its former glory.

While Observer is not party to the price at which Bock secured his new pad, the asking price, for a 32-year-lease, was £1.8m, with service charges in excess of an annual £25,000.

Apparently the basement car parking space costs another £5,500 a year - which seems a bit steep for someone whose favourite modes of transport are supposed to be a 2CV and a bike.

Old song

■ The professional advisers behind the rescue of Canary Wharf seem somehow to have preserved their sense of humour during the last few months of negotiations. But, as children, they were clearly all far too serious-minded to watch cartoons.

The company that rises Phoenix-like in place of Olympia & York to control the Docklands development is called Sylvester Investments, apparently named after the cartoon cat that pursued Tweety Pie, the canary.

Only problem is, in the cartoon Tweety Pie was never caught. Unlike the bankers and other creditors to Canary Wharf ...

TRAFALGAR HOUSE CONSTRUCTION 081 689 2266 COMMITTED TO QUALITY

FINANCIAL TIMES
Monday November 1 1993

ANIXTER Wiring Systems Specialists
Ethernet · IBM Cabling System · LAN
Fibre Optics · AT&T's PDS · Nevada Western
Belden · Digital's DECconnect
Tel. 0753 686884

Delors gives hint that he will not stand for the French presidency

By Lionel Barber in Brussels

MR JACQUES DELORS, European Commission president, yesterday gave the clearest hint to date that he may not stand in the 1995 French presidential election.

Mr Delors, 68, said in an interview with the Journal du Dimanche that he had no intention of quitting his job in Brussels before the end of his final term in January 1995. "I'm going to serve to the end," he said.

Mr Delors' suggestion that he may bury his ambitions to enter the Elysée defies his continuing strong showing in French opinion polls. But it appears driven by an unwillingness to risk splitting the French Socialist Party, which has just rallied around Mr Michel Rocard, a certain candidate in the spring 1995 election.

■ The European Union slips quietly into life Page 2
■ Editorial comment Page 11

A second factor seems to be a desire to end his 10-year career as Commission president on a high note after the traumatic but ultimately successful ratification of the Maastricht treaty, which enters force today.

Mr Delors has told friends that he accepts he has lost the battle for faster European political and monetary integration; but he remains determined that his forthcoming White Paper on competitiveness will prod European leaders to tackle mass unemployment and restore economic growth.

In the interview, Mr Delors spoke of a "new deal" for Europe and expressed satisfaction with the outcome of last Friday's special EC summit in Brussels, whose most significant decision was to locate the European Monetary Institute, forerunner of the future EC central bank, in Frankfurt.

EC leaders agreed to widen the scope of an Ecu 8bn ($9.52bn) European Investment Bank lending facility to include energy, environmental and inner city projects rather than simply transport-related areas. This should speed up disbursement of funds from the present level of Ecu 3.3bn, an EC official said.

The summit did not tackle the unemployment crisis in Europe, preferring to await the presentation of the Delors White Paper at the regular summit at the end of the Belgian presidency in December.

But the ideological divide between a deregulation-minded UK government and others, such as Belgium and Denmark, who prefer a less abrasive approach to trade unions suggests a hot summit in December.

Mr Delors made clear that, even if he is not a formal candidate in the French presidential race, he will not hesitate to enter the debate.

Airlines likely to suffer losses of $2.5bn this year, says Iata

By Paul Betts, Aerospace Correspondent, in London

AIRLINES are expected to lose a further $2.4bn-$2.5bn on international scheduled services this year, after losing $11.5bn in the three previous years, the International Air Transport Association warns in its annual report today.

In spite of some tentative signs of improvement in recent months, the 221 members of Iata, the airline trade organisation, do not expect a rapid improvement in profitability. At best, the industry is expected to break even next year, with the possibility of a reasonable profit in 1995 or 1996.

"Even then, we are not talking of healthy industrywide profits of the order of 5 per cent-6 per cent of turnover: the airline industry has never achieved this," one London airline industry analyst said. The main cause for the heavy losses has continued to be overcapacity, provoking fare wars undermining yields, says Mr Pierre Jeanniot, Iata's director general.

He notes some improvements this year, with airlines restructuring operations and capacity matched better to passenger demand. Iata also expects the trend towards more consolidation through mergers, partnerships and commercial alliances to accelerate.

After increasing by 10.2 per cent last year compared with 1991, Iata expects international passenger traffic to grow by an average of 6.6 per cent a year between now and 1997.

Last year's increase reflects recovery from the dismal performance in 1991, when passenger numbers declined for the first time as a result of recession and the Gulf conflict. The latest five-year passenger growth forecast is between 1 and 2 points lower than forecasts made before the 1991 air transport crisis.

Traffic to and from western Europe – the largest international market – is expected to grow by 5.9 per cent a year.

North-east Asia is expected to show annual growth of 8.7 per cent, and south-east Asia by 9 per cent a year. The fastest growth is expected in traffic to and from eastern and central Europe at 10.2 per cent a year. North-eastern Africa and central-west Africa are expected to show traffic growth of only 4.5 per cent a year.

IATA expects average annual world cargo growth of 7.2 per cent between now and 1997.

Slow recovery on the runway, Page 10

Russian banks opt to invest abroad

Continued from Page 1

year, a lot of money is in western banks simply because it is the safest place for it. If dollars are not lent to customers inside Russia, they are automatically transferred to correspondent accounts in the US for lending on capital markets there.

The state owned Veneshtorg Bank, the foreign trade bank, had $3.54bn in correspondent and investment accounts at January 1 this year, with $36.8m lent inside Russia. This is separate from illegal capital flight.

According to Foreign Economic Relations Ministry figures quoted by the report, Russia in 1992 lost $6.4bn through unfavourable barter deals where Russian exporters underestimated the value of what they were bartering to keep the difference abroad in undeclared accounts.

Dublin puts pressure on Unionists

Continued from Page 1

being unwilling to discuss the proposals. However, he said he would drop the proposals if he was convinced that he had become an obstacle to peace.

"If the prime minister tells me that he has a peace process with the Irish government that is going to produce a total cessation of violence, and he convinces me that my dialogue is stopping that, then obviously I am not going to be an obstacle to that," he said.

Downing Street said Mr Hume had not requested a meeting with Mr Major. However, the prime minister is willing to meet party leaders, including Mr Hume, at any time. The British government is determined not to be seen to be talking to the IRA through Mr Hume.

Saturday night dance that ended in terror

Continued from Page 1

tary organisation, the Ulster Freedom Fighters, fired indiscriminately on the customers. Seconds later, seven people, three Protestants and four Roman Catholics, were dead and several others seriously injured.

One of those killed, 54-year old former soldier John Burns, had no qualms about socialising with his Catholic former neighbours. Although he left the village several years ago, he always returned for the Saturday night dance with his wife. She is fighting for her life in hospital.

As a former member of the Ulster Defence Regiment, he would have been considered a target by the IRA. But Mr Burns would never have dreamt that his co-religionists would be the men to shoot him dead.

There was no perceptible mood of revenge on the streets of the town, home to a nationalism moderated in part by its past. The town was built during the second world war when many of its residents worked for the Ministry of Defence at the nearby Eglinton airfield.

The 2,000-strong community is a source of support for Mr John Hume's Social Democratic Labour Party. Sinn Féin candidates have lost their deposits in local elections.

A few miles up the road, a hitch-hiker heading into Limavady for a Sunday drink summed up his feelings: "I am a Catholic but I have a drink in a mainly Protestant bar. I hope I'm wrong but it's possible I may be asked to leave. There's just no hope for this community in the short term."

De Benedetti prepares to surrender

Continued from Page 1

altered the nature of the charges. In effect, they are alleging that Mr De Benedetti was a willing party to the payments and actively connived in them.

Until now, the essence of Mr De Benedetti's defence has been that he was forced to make payments to ministry officials and their political masters.

To demonstrate that, he said that in 1987, when he refused to comply with demands for money, Olivetti did only L23bn worth of business with the posts ministry. A year later, when commissions had been arranged, business jumped to L204bn.

All the other businessmen involved in Italy's corruption scandals have used a similar defence.

THE LEX COLUMN

Ofwat's water works

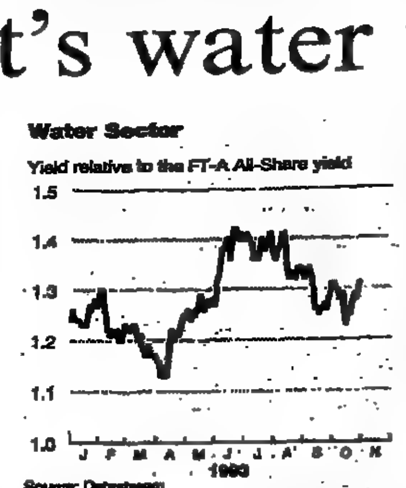
Next Thursday is an important day for the UK water industry: Ofwat will produce the methodology for calculating price caps up to the year 2000. The market will probably focus closely on the rate of return that water companies are allowed on new investment. The industry seems resigned to an outcome towards the lower end of the 6.5 to 7.5 per cent range suggested by the Monopolies and Mergers Commission for British Gas's pipelines business. Ofwat will probably also disclose its method for measuring the companies' asset base. These are the main theoretical tools for setting price limits in the second half of the decade.

The snag is that Ofwat may have to bridge a gap between theory and practice. A lowish rate of return would leave companies such as South West and North West with weakened balance sheets. Ofwat is therefore likely to leave open the option of more relaxed price limits from some companies to keep interest cover in shape. But it seems too much to hope that the regulator will say how far it thinks each company's financial ratios might be stretched. Without a steer on that point, judging the final outcome of the review will still be a matter of guesswork.

Exactly how much capital expenditure will have to be financed through the second half of the decade will also remain uncertain. The government's missive on the subject last month left open the possibility of renegotiating Europe's tougher water purity standards. That might cut Anglian's spending plans by anything up to £600m over five years. But negotiating with Britain's EC partners takes time. The chances are that the industry will be back talking with the regulator even after a settlement has been reached on the final price caps.

Water Sector

Yield relative to the FT-A All-Share yield



Source: Datastream

Lloyd's trusts

While the gaggle of Lloyd's insurance funds look likely to gain investment trust status, they have little in common with conventional trusts. The net asset value of Lloyd's trusts' bond and equity holdings will be easily measured. But the real balance of risks and rewards lies with underwriting exposures at Lloyd's. Profits and losses from underwriting can not be quantified until the 1994 underwriting year closes, in three years' time under Lloyd's accounting rules. Without a secondary market in syndicate participations, these exposures can not be easily valued in the meantime.

Lloyd's trusts should thus perform like insurance companies, trading at a premium or discount to the value of their underlying investment portfolio, depending on the underwriting outlook. How investors are expected to judge the climate at Lloyd's is a complicated issue. Composite insurers are already vulnerable to hurricanes and earthquakes, but Lloyd's syndicates carry a far higher gearing to such unpredictable catastrophes. Claims arising in obscure US courtrooms can have equally damaging effects.

That argues for a strict disclosure regime to ensure equal access to information. Individual names at Lloyd's receive quarterly reports, including claims figures relating to the syndicates in which they participate. Stock market investors have a right to expect equal treatment, not to mention stock exchange announcements when the Lutine bell tolls.

US economy

A series of economic statistics this week – from purchasing managers' surveys to Friday's employment report – should confirm that the US economic recovery has gathered pace in the second half of the year. Growth forecasts for the period have increased to an annual rate of 4 per cent, with the main impetus being provided by consumer spending and housing activity. Quite why consumers are spending more freely is something of a mystery, given that consumer confidence remains subdued and earnings are not rising rapidly.

Whatever the cause, the surge in consumer spending may have an impact on manufacturing as companies rebuild depleted stocks. That should be sufficient to support growth into the early part of 1994. To maintain the recovery beyond that will require an increase in employment which will only come if companies believe that the improvement in demand is sustainable.

The economic upturn has not as yet disturbed the bond market, since inflationary pressures remain subdued. Nor is the Federal Reserve likely to tighten short-term interest rates until it is convinced that a strong and sustainable recovery is in train. With funds flowing out of deposits, bond yields and equity prices may be sustainable for the moment, even though the gathering recovery brings the prospects of a Fed tightening nearer. While attention is focused on the Federal Reserve, the first signs of an end to the equity bull market will probably come from weakening bonds rather than rising short-term rates.

British Gas

Reports that British Gas considered breaking itself up before it went to the Monopolies and Mergers Commission will surprise those who have heard the company argue so vigorously against the idea. In part, its opposition represented understandable negotiating tactics while the MMC was deliberating. Yet the way in which the company has switched ground threatens to undermine its negotiating position. British Gas has thought about break-up, fought it tooth and nail, accepted it with alacrity when financial inducements were offered and now seems prepared to drop the idea since it is getting little support at the Department of Trade and Industry.

The DTI is a keen advocate of competition and wants to see it introduced as quickly as possible. Yet at a time when VAT is being levied on domestic fuel, passing the costs of introducing competition on to consumers would hardly be an attractive political option. If the company's lobbying credibility is dented, it risks being saddled with competition, falling market share, a squeeze on profits and no regulatory relief. That would leave the company no better off than it was before it asked for the MMC reference.

Shareholders should also be nervous, since if the financial noose were to be tightened much further, dividend prospects could start to look uncertain. The consensus may be that appeals to Gas's flotation prospectus can carry little weight now, but under those circumstances investors could justifiably conclude that they were sold a pig in a poke.

FT WORLD WEATHER

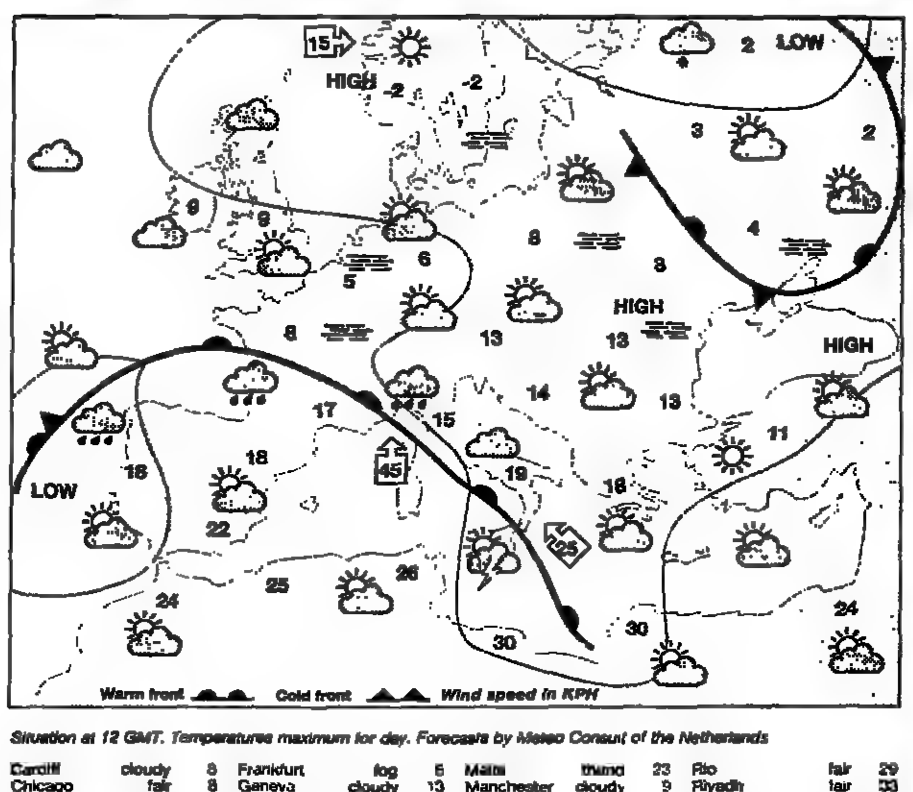
Europe today

High pressure extending from southern Norway to the Black Sea means that northern Europe will remain tranquil and dry with a mixture of sunshine, fog and patchy low clouds. Temperatures will continue to be lower than average for this time of year. In the Mediterranean, conditions will be changeable as a band of low pressure is still covering the area. Strong winds and heavy rainfall are expected in the Gulf of Genoa, south-eastern France and northern Italy. A separate low pressure belt near Portugal will cause overcast skies, rain and thundery showers over Spain. There will be isolated showers in the eastern Mediterranean.

After morning fog, sunny and chilly conditions will prevail in the CIS with some scattered snow showers in far northern regions.

Five-day forecast

Conditions will continue to be tranquil and dry in northern areas as depressions from the Atlantic advance very slowly. It will be windy and changeable in Iceland. Temperatures will remain constant in most areas except the northern regions of Finland and the CIS, which will get colder with light to moderate frost during the day. The weather in the Mediterranean will remain very unsettled.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Belfast	cloudy	8	Cardiff	cloudy	8	Frankfurt	fog	6	Malta	thund	23	Rio	fair	29
	Celsius		Belgrade	fair	11	Chicago	fair	8	Geneva	cloudy	13	Manchester	cloudy	9	Riyadh	fair	33
Abu Dhabi	fair	34	Berlin	hazy	5	Cologne	cloudy	7	Gibraltar	shower	19	Manila	hur	27	Rome	shower	20
Accra	fair	32	Bermuda	fair	28	D' Salaam	cloudy	28	Glasgow	cloudy	9	Melbourne	rain	16	S. Frsco	sun	23
Algiers	cloudy	25	Bogota	cloudy	21	Dakar	cloudy	29	Hamburg	cloudy	7	Mexico City	fair	18	Seoul	fair	9
Amsterdam	fog	5	Bombay	fair	34	Dallas	sun	16	Helsinki	sun	6	Miami	fair	23	Singapore	rain	27
Athens	fair	18	Brussels	cloudy	5	Delhi	fair	30	Hong Kong	fair	25	Milan	shower	11	Stockholm	fair	[illegible]
B. Aires	thund	16	Budapest	fair	9	Dubai	fair	34	Honolulu	cloudy	27	Montreal	snow	4	Strasbourg	fog	5
B.ham	cloudy	8	C.hagen	fair	3	Dublin	cloudy	9	Istanbul	fair	14	Moscow	cloudy	2	Sydney	fair	24
Bangkok	fair	34	Cairo	fair	25	Dubrovnik	fair	17	Jersey	cloudy	9	Munich	fair	9	Tangier	shower	21
Barcelona	shower	19	Cape Town	sun	21	Edinburgh	cloudy	9	Karachi	fair	38	Nairobi	shower	27	Tel Aviv	shower	24
Beijing	sun	13	Caracas	cloudy	29	Faro	shower	20	Kuwait	fair	31	Naples	cloudy	19	Tokyo	fair	16
									L. Angeles	sun	23	Nassau	cloudy	32	Toronto	fair	5
									Las Palmas	fair	25	New York	fair	11	Tunis	shower	26
									Lima	fair	25	Nice	rain	15	Vancouver	sun	12
									Lisbon	rain	17	Nicosia	fair	22	Venice	fair	14
									London	fog	10	Oslo	fog	-1	Vienna	fair	6
									Luxbourg	fog	5	Paris	fog	7	Warsaw	fair	6
									Lyon	cloudy	14	Perth	shower	16	Washington	fair	11
									Madeira	cloudy	22	Prague	fair	6	Wellington	fair	12
									Madrid	cloudy	15	Rangoon	shower	34	Winnipeg	snow	1
									Majorca	shower	19	Reykjavik	rain	5	Zurich	fair	11

Latest technology in flying: the A340
Lufthansa
German Airlines

هكذا من الاصل

BARR
CONSTRUCTION
Expanding by Contracting
Telephone Ayr (0292) 281311

FINANCIAL TIMES
COMPANIES & MARKETS
Monday November 1 1993

©THE FINANCIAL TIMES LIMITED 1993

Fletcher King
SURVEYORS, VALUERS, COMMERCIAL PROPERTY CONSULTANTS
London 071-493 8400
Birmingham 021-643 6400

INSIDE

Resistance to 1p Ferranti bid grows

Shareholders of Ferranti International, the UK defence electronics group, are to meet to discuss ways of resisting a bid which offers them only 1p a share. They have commissioned an investment consultancy to explore alternatives. Page 14

A puritan at GPA

The new chairman of GPA, Mr Dennis Stevenson, will not be jetting the Atlantic or be photographed at charity galas. His stark and somewhat puritanical view of management is in marked contrast to his predecessor Mr Tony Ryan. Page 14

Shipbuilders go against the tide

Japanese shipbuilders reported an increase in profits over the last three years that ran against the tide of most companies' earnings. Page 15

Slowdown for JVC

The slowdown in the domestic market and the strength of the yen this year dealt a particularly hard blow to JVC, the maker of video cassette recorders and other audio-visual products. Page 15

California still dreamin'

The depth of California's recession has taken most local forecasters by surprise. But there is surely reason to believe that the Californian dream is on hold rather than cancelled. Back Page

Prospective p/e ratio

The latest prospective p/e ratio for the "500" index for calendar 1993 is 18.4 (Last week: 16.2). This compares with an estimated p/e for the "500" of 21.2 (20.9) for calendar 1992, calculated by IBES, based in New York. The official FT calculation of the historic p/e, based on the latest reported earnings, is 20.60 (20.66).

Market Statistics

Companies in this issue

Volvo investors wary of merger

By Hugh Carnegy in Stockholm

SHAREHOLDER doubts in Sweden threaten the fate of the proposed landmark merger between Renault, the state-owned French automotive company, and the car and truck operations of Volvo. The Swedish group's institutional shareholders have yet to decide whether to support the deal, which is due to be determined this week.

The two companies, which have operated a strategic alliance for the past three years, announced plans in September to combine to form Europe's second-largest vehicle maker in the face of increasing international competition and sharply falling car sales on their home continent.

Critics of the deal fear the structure of the merger, which will give Volvo a 35 per cent share of the new Renault-Volvo company, amounts to a French state takeover of the country's leading manufacturing outfit. There are doubts over whether it will be approved at a special Volvo shareholders' meeting in Gothenburg on November 9.

Most of a group of about 10 institutional shareholders who together control about 40 per cent of the voting capital, but have yet to say how they will vote, are due to announce their decisions this week.

A key indicator of the final outcome is expected on Wednesday when the second largest single shareholder in Volvo, a state pension fund called the Fourth Fund, makes its decision. Directors of the fund, which holds 7.5 per cent of the votes after Renault's 10 per cent, are understood to be divided on the merger and are seeking further information on the deal from Volvo.

Another state fund, the 92-94 Fund which holds 2.5 per cent of the votes, has already said it will oppose the deal chiefly because of its concerns over the lack of guarantees about the French government's promised privatisation of Renault. At the weekend, the insurance group SPP, which has 4.5 per cent, said it would oppose the merger without further clarifications on privatisation and the French state's intention to hold subsequently a "golden share" in the merged company.

The other "swing" shareholders include pension and investment funds of Scandinaviska Enskilda Banken and Svenska Handelsbanken, the country's leading banks, and the insurance groups Skandia and Trygg-Hansa. Volvo is under pressure to delay the merger until after Renault has been sold off to the private sector.

Background, Page 15

British Gas made plans to break up

By Bernard Gray in London

BRITISH Gas prepared plans to break the company up in the months before its reference to the Monopolies and Mergers Commission last year.

With financial pressures mounting as a result of tightening regulation, senior executives at the company commissioned studies into a range of options including the sale of some businesses and the complete break-up of the company.

The plans were dropped after several directors opposed them, including Lord Walker, a non-executive director, who as Mr Peter Walker was the Secretary of State for Energy responsible for privatising British Gas in 1986. As a result, formal plans were never put to the board, although they circulated among executives at the top of the company.

That the radical plans were drawn up is a sign of how far the company believed it might have to go to respond to the pressure upon it from consumers and Ofgas, the industry watchdog. They will strengthen the hand of British Gas critics who argue it should be broken up to reduce its monopoly power in the industry.

Disclosure of the plans comes at the end of the consultation period for the MMC inquiry into the company. The Department of Trade and Industry is expected to make a decision on the commission's proposals before the end of the year.

In the course of the MMC investigation British Gas repeatedly insisted that splitting the company into separate gas transportation and marketing companies was unnecessary. It argued that an integrated company would be in the best position to meet customers needs.

British Gas drew up the plans at a time when its financial position had become increasingly stretched after Ofgas had tightened its price cap from the retail prices index minus 2 per cent to RPI-5. The Office of Fair Trading had insisted that the company give up half of its share of the contract gas market and the DTI lowered the threshold at which competitors could bid for customers.

By early 1992 it was clear these measures would have a severe impact on Gas's profits and so the company started to consider radical measures to ease its burdens, including breaking the company up.

Lex, Page 12

Richard Waters looks behind a management change at Visa International

Card wars set to enter a new battle phase

Credit card adverts in the US are full of bemused consumers. In one, a man stands immersed in a mound of rival plastic cards (he's lucky, he's picked the best one out of the heap). In another, cards littering a lawn are sucked up by a vacuum (only one is left at the end). The message in them all is the same: in a market awash with credit and charge cards, how do consumers choose – and which of the many issuers are going to come out on top?

The ripples from this US credit card war have spread outward in recent months, in the process hastening a reshaping of the management which leads Visa International, the world's pre-eminent payment organisation.

The US may longer dominate the credit card world in the way it once did – the US share of the world's credit card transaction volume fell below a half at the beginning of the decade. But the US still accounted for around 47 per cent of the $884bn charged to general purpose credit cards last year, and the US banks remain the most powerful force in the Visa organisation (Visa, like its rival Mastercard, is owned by the banks around the world which issue its cards).

Also, industry executives know that what happens in the US, where the credit card industry was born and matured first, will eventually be mirrored elsewhere.

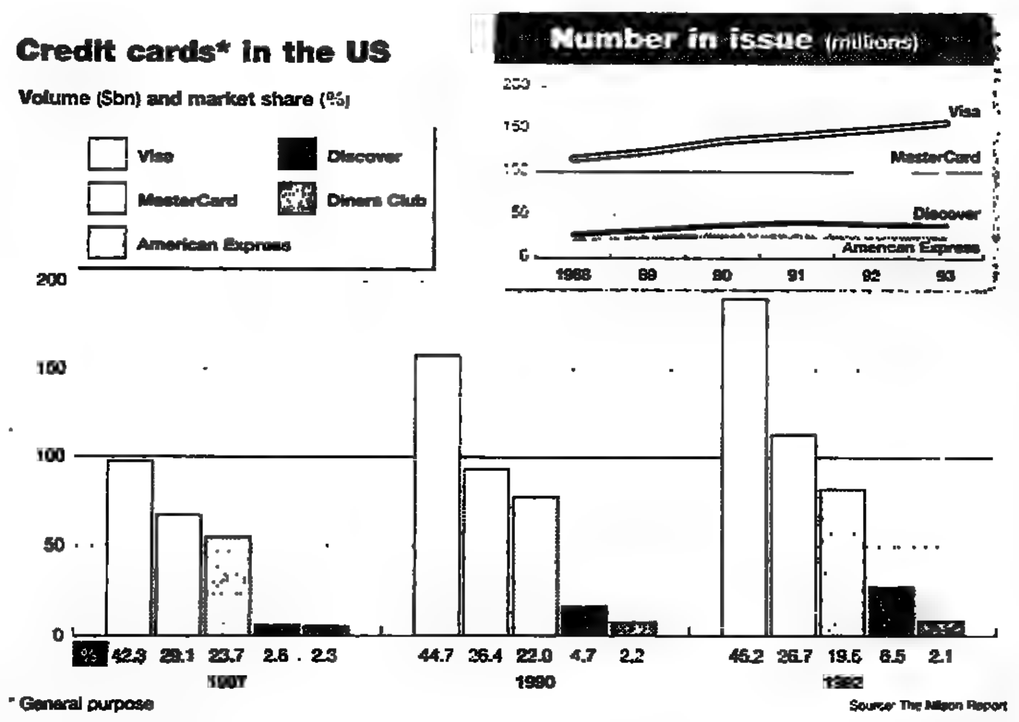
At the end of August Mr Robert Heller, head of Visa in the US, resigned under a cloud as the payment organisation's US market share took a rare dip. From a 45.4 per cent share of credit card volume in 1991, Visa slipped to 44.9 per cent in the first six months of this year: hardly dramatic, but notable after the organisation's previous steady advance. Mastercard, on the other hand, lifted its share by 1.5 percentage points to 27.6 per cent.

The reason: "co-branded" cards launched by AT&T and General Motors, which give users discounts on those company's products, were issued under the Mastercard umbrella. Co-branding has become the most effective weapon in the battle to encourage consumers to use cards.

Last week Mr Charles Russell, the man who over the past 10 years has given Visa International, the parent organisation, its clear lead in the plastic card business, said he will retire next summer. He will yield the chief executive's job earlier, in January, to Mr Edmund Jensen, an outsider who joins Visa from west-coast based US Bancorp.

Mr Russell had said many times before that he planned to retire. In a 1988 interview, he said he would go after three years. In 1991, it was one more year. Finally, it seems, the banks that sit on Visa's board decided to take him at his word.

"It's time, after 10 years. Chuck has done a great job," says Mr Jim Bailey, head of Citibank's US retail banking operations. He adds, though, that it was Mr Russell who approached the board over the timing of his retirement, rather than the other way round.



* General purpose

Source: The Nilson Report

Other banks in the US, while also paying tribute to Mr Russell's achievements, murmur that Visa has become too bureaucratic. The organisation wasn't being managed "to the bottom line," said one.

If it was time for Mr Russell to go, he at least had some influence over the new management team. Mr Carl Pascarella, who now heads Visa in the US, was Mr Russell's chosen successor to Mr Heller. And, according to reports from some industry executives, Mr Russell also chose Mr Jensen as his own successor.

Despite Visa's little wobble in the US, Mr Russell leaves it the world's most powerful plastic card brand. From a 40 per cent share of worldwide credit card business in 1980, Visa advanced to nearly 52 per cent last year, with 304m cards in issue. "What he did for Visa on a worldwide basis is prodigious," says Mr David Robertson, president of the Nilson Report, a credit card industry newsletter.

It is the US, though, which still sets the pattern for the industry – and there, the toughest battles in the credit card war have yet to be fought. Despite lower interest rates, cuts in fees and the introduction of incentives, credit cards remain one of the most profitable products for most banks. Rock-bottom US interest rates make it possible for banks to prosper even in such a competitive market – helping to bring more new issuers into the business.

RepublicBank of New York, for instance, entered the market only at the start of this year: its 13.9 per cent interest rate is at the bottom end of the range for standard bank cards, yet is more than 10 percentage points over current money market interest rates.

Interest margins like this have helped to support the many incentives which card issuers now offer. RepublicBank gives holders a cash rebate of up to $250 a year on their credit card purchases, a trend started in the late 1980s by the Discover card, then owned by Sears but now part of the independent Dean Witter Discover. That card's cash-back incentive has attracted 38m cardholders since its launch in 1987, giving it more cards even than American Express (though its share of transaction volume is far smaller).

When US interest rates eventually turn up again, the rush to offer incentives is likely to slow. "Margins are still pretty good," says Mr Bailey of Citibank. "[But] in this immensely competitive market, we haven't yet had to contend with rising interest rates."

When that happens, the American consumer could really see war break out.

Hungary builds capitalism without capital

Economics Notebook

By Nicholas Denton

Surprises have lurked behind every corner of eastern Europe's tortuous transition from a planned to a market economy – many of them unpleasant.

Often, the first to encounter unexpected difficulties has been Hungary, which has pioneered reform since the late 1960s. So the recent survey of Hungary published by the Organisation for Economic Co-operation and Development, and especially its focus on the critical role played by credit markets, contains a broader message for the post-communist states.

The OECD found that Hungary's early, albeit hesitant start, did little to ease the pain of reform. "Despite Hungary's status as the most Western-market oriented of the centrally planned economies, the post-1989 economic transition still came as an abrupt and wrenching shock."

Hope for recovery has been vested in the privatisation process, but dismantling the state economy is taking longer than expected. In Hungary's case the OECD cites estimates that 18 per cent of state enterprise assets were under private control by the end of 1992, well short of the government's target of privatising half the state sector by 1994.

Privatisation of state assets is not the whole story. Start-ups and greenfield investments have boosted the private sector to about 30 per cent of GDP, but even that has been far from enough to offset the contraction of state-owned industry and avert recession.

Up to now Hungary has relied the most on foreign investment to flesh out the private sector, attracting more than $5.5bn since 1988, over half the total for central and eastern Europe. But foreign investment alone cannot transform the economy.

Most Hungarian consumer goods companies attractive to multinationals have been sold and foreign economic penetration has come close to its political limits. Increasingly foreign investors are looking to Poland which has four times the population of Hungary or the Czech Republic – and an economy stimulated by the dynamism of home-grown Polish entrepreneurs.

The growing stress on home-grown capitalism means closer attention must be paid to solving the dilemma of how to build capitalism without capital.

One recourse is to distribute ownership through voucher schemes like the Czech Republic or Poland's investment fund-based mass privatisation programme. Hungary is belatedly implementing a more modest "small investor share buying programme". But its conversion to the virtues of mass privatisation has been half-hearted. Distribution cannot in itself provide enterprises with the capital injection most desperately need.

An obvious solution is to mobilise household savings which were negligible under communism but have since surged. In Hungary the savings ratio rose to 15.8 per cent in 1991, dropping slightly to 13.2 per cent in 1992. But higher savings alone cannot stimulate investment in the absence of functioning banks and capital markets.

This was the conclusion of a recent World Bank internal aide-memoire which stated that Hungary's financial sector was "unable to finance the transition to a market economy". The OECD's survey was more circumspect, but the urgent need for financial sector reform runs like a thread through the report.

The financial sector effectively means the banks. The OECD, for example, dismissed the Budapest stock market as of "minor importance", although this year's boom in the Polish stock market indicates that equity markets do have a future.

But the banks risk seizing up. In Hungary real lending rates remained above 10 per cent in 1991 and 1992. Despite growing liquidity, banks curtailed their lending to the enterprise sector in 1992 while the spread between their deposit and lending rates rose from about 4 per cent to a gaping 11 per cent.

Behind this phenomenon lies Hungary's status as the first east European country to implement western-style bankruptcy, accounting and banking acts. The new laws have forced many Hungarian companies and banks to face their real, and previously hidden, financial plight. One in six registered companies, producing about 14 per cent of GDP, have been affected by the bankruptcy legislation, according to the OECD.

To finance provisions against non-performing loans and rebuild capital, banks increased spreads. But high lending rates make default more likely as only the most desperate enterprises apply for loans. This process led to a "credit crunch" in Hungary last year.

Throughout the region government hunger for higher revenue is compounding the difficulties of the banking system. Until 1991, taxation of banks' paper profits was an important source of revenue, equivalent to about 2 per cent of GDP in Hungary's case. Despite the current plight of financial institutions, governments continue to drain their liquidity.

Recapitalisation of the banks would reduce spreads and help stimulate lending to the corporate sector. But here again, the OECD says, budgetary economy has conflicted with bank consolidation. Hungary's effort last year to shore up balance sheets was conducted on the cheap.

Budapest, supported by the promise of a World Bank credit of $200m-$300m, is now planning another, more comprehensive attempt. But the government has warned of a rise in the budget deficit to Ft350bn ($3.65bn) next year, around 9 per cent of GDP. This would exceed targets set by the International Monetary Fund, so the temptation to cut corners on bank consolidation remains.

Lest Hungary despair, however the OECD notes: "The visible size of the problems does not mean that the difficulties in Hungary are bigger than elsewhere in central and eastern Europe; rather it may be a sign that things are coming into the open earlier than elsewhere. This could mean that solutions are found more quickly, as issues are recognised in public discussion and measures are being debated and implemented."

That may console Hungary. It is less heartening for its east European neighbours.

Stanhope to seek new equity in refinancing

By Bethan Hutton in London

THE board of Stanhope, the heavily-indebted UK commercial property developer, said yesterday it was considering raising new equity in a refinancing.

The company is looking to raise £150m-£160m ($240m), and to restructure its banking arrangements, but said plans were still in very early stages. No proposals have yet been put to any of the 16 or so banks involved. Stanhope last refinanced its bank debt in January this year. At Friday's closing share price of 36p, it had a market capitalisation of just under £60m.

The likelihood of attracting investors was helped by Broadgate Properties, 50 per cent owned by Stanhope, last week selling the lease of One Exchange Square, home of the European Bank for Reconstruction and Development, for £170m. Stanhope also reports a "significant increase" in letting enquiries at both Broadgate and Ludgate, another of its developments.

Any restructuring is likely to involve Stanhope taking control of the other half of Broadgate Properties, which was owned by Rosehaugh, now in receivership.

Stanhope said the refinancing would take three or four months.

It incurred pre-tax losses of £215m in the year to June 30, 1992. Results for the year to June 30, 1993 are due in mid-November, but the company said improvements in the market "have come too late to be reflected in these figures".

This announcement appears as a matter of record only

Schroder Split Fund
£100 million
de Zoete & Bevan acted as stockbroker for the placing and offer for subscription of the Schroder Split Fund raising £100 million.

March 1993

This announcement appears as a matter of record only

HTR Japanese Smaller Companies Trust PLC
£100 million
de Zoete & Bevan acted as stockbroker for the placing and offer for subscription of the HTR Japanese Smaller Companies Trust PLC raising £100 million.

October 1993

BZW placing power in investment trusts: Sponsor to 1993's two largest issues

BZW

BZW Securities Limited and de Zoete & Bevan Limited are members of the SFA

Tough task for a master of low profile

Roland Rudd on the new chairman of GPA who is not averse to taking risks

MR DENNIS Stevenson, the new chairman of GPA, is not about to move into the group's sumptuous London offices in Pall Mall. As a non-executive he does not believe he should have an office at all.

Nor will he be jetting across the Atlantic or be photographed at charity galas. His stark and somewhat puritanical view of management is in marked contrast to his predecessor Mr Tony Ryan, and his glittering array of non-executive directors, who included Lord Lawson and Sir John Harvey-Jones.

Whereas many of the old management were rarely out of the public gaze, albeit not always of their own choosing, Mr Stevenson is the master of the low profile.

"Our objective is to have a 'PC Plod style of management' getting on with the business out of the limelight," he said.

Friends of Mr Stevenson have been asking him why he decided to take on the chairmanship of GPA, wondering whether it could become a recovery stock. As far as Mr Stevenson is concerned it is far too early to start talking about the potential long-term value of its as yet unlisted shares.

He was attracted to GPA because he sees it is a novel piece of financial reconstruction of "vital importants" to stabilise the company. Furthermore, a restructured GPA could also help protect the airline industry and would be able to pay back some of the loans made by the 139 banks which financed the company through its massive expansion at the turn of the decade.

If that sounds a daunting task for a company with debts of \$5.8bn (£3.84bn) Mr Stevenson replies that people have GPA out of proportion. "The only big thing is the noughts," he says.

All he will be doing is managing a financial asset – it is sub-contracting the leasing to the GE Capital subsidiary, GE Capital Aviation Services under the terms of GPA's rescue deal with GE Electric of the US.

However, Mr Stevenson is the first to admit that up until a few months ago he knew nothing about aircraft leasing, prompting some to wonder why GE asked him to chair the new company in the first place.

The initial approach was made by Mr Ryan, who first got to know Mr Stevenson while he was advising the Bank of Ireland, where Mr Ryan used to be a non-executive. Six months ago Mr Ryan made an informal approach to Mr Stevenson to parachute in as a trouble shooter in the role of chief executive.

Ashley Ashwood

Dennis Stevenson: too early to talk about share price value

He declined. He had no problem in juggling several part-time jobs at once, but he has always been very selective about what boards he chose to join.

Aparting from chairing his own consultancy group SRU, and the Tate Gallery, Mr Stevenson currently has non-executive directorships with Pearson, which owns the Financial Times, and J Rothschild and Assurance and Manpower (formerly Blue Arrow). He also sits on the Takeover Panel.

According to GE it was this "solid, impressive curriculum vitae" that made Mr Stevenson so appealing as a prospective GPA chairman. Furthermore, Mr Stevenson is not averse to taking risks. He took on Mr Tony Berry at Blue Arrow in a highly personalised battle and won control of the board and chaired the Intermediate Technology Development Group, a Third World charity which by eschewing big development projects was never assured of success.

So last month, at 6am in the morning, Mr Gary Wendt, chief executive of GE Capital, met Mr Stevenson and Mr Ryan in the United Airlines VIP lounge at Heathrow Airport. It was at that meeting that Mr Stevenson was finally persuaded to take on the chairmanship of GPA and to try and bring the stability seen as essential to the long-term growth of the airline industry.

Mr Stevenson will be paid for one day's work every week and will have the extra incentive of a success fee. While not disclosing his salary, he says he will be charging considerably less than he charges at SRU, where he is reputed to be one of the highest paid consultants.

He does not believe the downside is too onerous. If he makes a big mistake, such as diversifying into shipping leasing, for example, and thereby compounding GPA's problems Mr Stevenson feels he would deserve a loss of reputation.

But since he was not responsible for the past mistakes, he is not fearful for his reputation if GPA is eventually unable to meet its demanding debt repayments.

Mr Stevenson would not have attempted the challenge without Mr Patrick Blaney, the 39-year-old chief executive, who he believes was untainted by GPA's past mistakes. He also made it a condition of him accepting the chairmanship that Mr Michael Davies, a non-executive director, from British Airways, also joined GPA's board. Mr Davies is an old Stevenson ally at Blue Arrow where they combined to oust Mr Berry.

The company still faces a tough time if it is to cut borrowings to a manageable level. Although it is deferring \$750m of debt, this will largely fall due in September 1996. In the year to March 1997 GPA must repay or refinance debt of \$2.36bn.

It will be no small achievement, irrespective of any upturn in the airline market, if Mr Stevenson can steer GPA through the next four years.

Rebel Ferranti shareholders to meet over 1p takeover bid

By Peter John

REBEL shareholders of Ferranti International, the defence electronics group, are to meet to discuss ways of resisting a bid which offers them only 1p a share.

Some shareholders have reacted angrily to the token offer by GEC which promises them just £10m while at least £100m will go to the banks.

They have commissioned Katz Associates, an investment consultancy, to see if there are alternatives to the GEC bid.

It is expected that the complicated share structure of Ferranti and the need for any bid to be accepted by 90 per cent of the voting shareholders will be severe obstacles to the smooth take-up of GEC's offer.

Mr John Katz, who heads the consultancy and who recently fought a bid for the Greycoat property group on behalf of unhappy shareholders there, said he had received a number of phone calls since his name was first linked to the Ferranti situation last week.

"The deal proposed looks like a quick safety net for the banks," he said.

"I have written to Eugene Anderson [chairman of Ferranti who was taken on three and a half years ago to save the company] and advised him that any sale of the company for a token price will be opposed unless there is some platform for shareholders to remain in to some extent and recover something with time."

Mr Katz said there was unlikely to be unequivocal opposition to a rescue package of some sort as some 4,000 jobs were at risk if a saviour could not be found.

Before the news of GEC's offer broke last week Ferranti's shares were valued at 9¼p.

By the close of trading on Friday they stood at 1½p but Ferranti's board has defended the bid on the grounds that the company has no alternative.

A meeting of shareholders is expected to be held within the next two weeks.

Building societies 'more soundly' based

By Alison Smith

BUILDING societies' pre-tax profits were significantly higher in the first half of this year than for the comparable period of 1992, according to a survey of societies' interim results.

While the profits were almost identical to those for the second half of 1992, the survey argues that they are now more soundly based.

That is because they do not rely on the opportunity that sterling's departure from the European exchange rate mechanism gave societies for improving their profits by widening their interest margins through reducing mortgage rates more slowly than interest rates.

Mr Peter Welch of Multistrategies research, the report's author, argues that the interim results should include a summary balance sheet in order to make it easier to calculate a society's overall profitability.

Six of the 13 societies which publish interim results do so now, but it is not required by the Stock Exchange.

The survey is available from Multistrategies, 2 Ridgmount Street, London WC1E 7AA, price £50.

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
TCI (US)	Flextech (UK)	Television	c£100m	TCI to take control
Royal Bank of Scotland (UK)	Neworld Bancorp (US)	Banking	£95.4m	New England takeover continues
Courtaulds (UK)	Gold-Zack Werke (Germany)	Textiles	£13.9m	Buying selected operations
Delta Galil (Israel)	Unit of Robert H Lowe (UK)	Clothing	£4.2m	Letting go of Babygro
Thomas Cook (UK/Germany)	Auto-Fischer (Germany)	Travel	n/a	Pursuing Continental strategy
Unilever (UK/Netherlands)	Bertoli (Italy)	Food	n/a	Negotiations advanced
Samancor (S Africa)/ Nippon Denko (Japan)	NST Ferrochrome (joint venture)	Chrome production	n/a	Closer ties as sanctions lifted
Ericsson (Sweden)/ Unimor (Poland)	JV	Telecoms	n/a	Defence equipment venture
Akzo (Netherlands)/ AlliedSignal (US)	JV	Fibres	n/a	Carpet fibres move
Siemens (Germany)/ Electric Power Automation (China)	Siemens Power Plant Automation (JV)	Electronics	n/a	60/40 ownership split

Syntegra launch marks start of BT market push

By Alan Cane

BRITISH Telecommunications is refashioning its image as a computer systems designer and constructor in a move to capture a larger share of a market currently worth £25bn annually.

It will today announce that its customer systems division will be renamed Syntegra. The move marks the first part of the company to be rebranded to broaden its appeal to a world market.

Syntegra will remain a wholly owned profit centre within BT.

It will be controlled by Mr Bill Halbert who has been managing director of BT customer systems since 1990.

Last year the division turned over about £200m, one of only three British companies among the top ten computing services groups in the UK.

It is said to be "significantly" profitable, although its figures are not broken out separately in BT's results.

It does 80 per cent of its business in the UK; one reason for the rebranding is to improve its international appeal.

Mr Alfred Mockett, managing director of BT's business communications division, said Syntegra would establish strategic relationships with customers around the world providing both new revenues and stimulating use of BT's international network services.

Beverley dips £1m into red

BEVERLEY Group, the engineer, lapsed into the red in the six months to June 30 with pre-tax losses of £929,000, against profits of £56,000.

The loss reflected a fall in turnover to £6.46m, down from £9.68m.

Losses per share of 2.67p compared with earnings of 0.16p.

In an attempt to cut back on its debt, the Bristol-based group is selling Gall Thomson, which makes marine safety breakaway couplings, to Sealand Industries, a subsidiary of VSEL, for £3.5m.

The company said cash from the sale would be boosted by a £2.5 dividend from Gall Thomson's accumulated reserves.

NEWS DIGEST

Compass in Burger King deal

COMPASS, the catering group, has signed an agreement giving it rights to operate Burger King restaurants in railway stations and workplace outlets.

The deal will result in the replacement of the Casey Jones brand. Burger King is a subsidiary of Grand Metropolitan.

Finsbury issues Lloyd's prospectus

Finsbury Underwriting Investment Trust, one of the funds set up to invest in the Lloyd's insurance market, has issued its full prospectus.

Up to 30m shares are on offer at 100p each.

The issue will raise £28.2m after expenses. Net assets per share after the issue are estimated at 94p.

Rea Brothers and UBS are co-sponsors to the issue, which is being undertaken as a placing and intermediaries offer. The insurance adviser is Wren Underwriting Agencies; the investment manager is Finsbury Asset Management.

Markheath accounts further delayed

Markheath, the property group 61 per cent-owned by Adelaide Steamship of Australia and its associates, has been given permission by the DTI to delay publication of its annual accounts for the year to end-March until November 30.

This advertisement is issued in compliance with the requirements of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The London Stock Exchange"). It does not constitute an invitation to the public to subscribe for, or purchase, any securities. Application has been made to The London Stock Exchange for the admission to the Official List of the entire share capital of Geevor plc (to be renamed Coal Investments PLC)("the Company") as reorganised by the Capital Reorganisation and enlarged by the Acquisitions, the Capitalisation, the Placing and the Rights Issue. It is expected that dealings in the shares of the Company, as so reorganised and enlarged (save in respect of the Rights Issue) will commence on 4th November, 1993. Dealings in the Rights Shares, nil paid, are expected to commence on the same date.

Geevor plc

(incorporated in England and Wales, Registered No. 114326)

to be renamed

COAL INVESTMENTS PLC

INTRODUCTION TO THE OFFICIAL LIST

following the acquisition of UK Consolidated Mining Limited and Coal Investments Limited

and

Placing of 8,760,523 New Ordinary Shares at 10p per share

Rights Issue of 8,739,477 New Ordinary Shares at 10p per share

and

Capital Reorganisation

Arrangements with Creditors and Loan Noteholders

Change of name

New Share Option Schemes

Share Capital

(following the Acquisitions, the Placing and the Rights Issue, the Reductions of Capital, the Capitalisation and the Capital Reorganisation) -

Authorised — Issued and to be fully paid

[illegible] in New Ordinary Shares of 1p each £322,836.05

The Enlarged Group will principally be engaged in the mining of coal and related activities.

Listing Particulars relating to the Company have been approved by The London Stock Exchange as required by the listing rules made under Section 142 of the Financial Services Act 1986 and are available during normal business hours on any weekday (Saturdays and public holidays excepted) from the Company Announcements Office, the London Stock Exchange, Capel Court Entrance, off Bartholomew Lane, London EC2N 1HP, by collection only during normal business hours up to and including 3rd November, 1993 and during normal business hours up to and including 15th November, 1993 from:

Guinness Mahon & Co Limited, 32 St Mary at Hill, LONDON EC3P 3AJ (a member of The Securities and Futures Authority Limited)

Bell Lawrie White and Co, 7 Drumsheugh Gardens, EDINBURGH EH3 7QH (a division of Brewin Dolphin Bell Lawrie Limited, a member of The Securities and Futures Authority and The London Stock Exchange)

Smith New Court Corporate Finance Limited, Smith New Court House, 20 Farringdon Road, LONDON EC1M 3NH (a member of The Securities and Futures Authority Limited and The London Stock Exchange)

and the registered office of the Company 30 Hounds Gate, Nottingham, NG1 7DH

1st November, 1993

NOTIFICATION OF CHANGE TO CORPORATE CARD RULES OF MEMBERSHIP AND USE

In accordance with current Rules of Membership and Use, this is written notification of an amendment to Rule 3(d) Statements.

Effective 1st November 1993, any Service Charge levied will be reduced to 3% and charged on any amount that remains unpaid 45 days after the Statement on which it first appears.

A further Service Charge of 3% will be charged every 30 days thereafter until full settlement has been made.

This Service Charge applies only to Diners Club Corporate Cards including British Airways Diners Club Corporate Cards and Hogg Robinson Diners Club Corporate Cards.

This does not apply to Diners Club personal cards nor to the few companies on non-standard terms. Those companies have been contacted separately.

Effective 1st November 1993

Diners Club International, Diners Club House, Kingsmead, Farnborough, Hampshire GU14 7SR

NOTICE OF REDEMPTION

Sidek International Finance N.V.

9.5% Sinking Fund Notes Due 1995

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of December 19, 1991 between Sidek International Finance N.V., and Citibank, N.A., as Fiscal Agent, all outstanding notes of the above issue (the "Notes") will be redeemed on December 21, 1993, (the "Redemption Date") at the price of 98.6741% of their principal amount, together with interest accrued to the Redemption Date. Payment will be made upon presentation and surrender of the Notes at the below listed paying agency, together with all appurtenant coupons maturing subsequent to the Redemption Date. The amount of any missing, unmatured coupons will be deducted from the sum otherwise due for payment. Interest on the Notes shall cease to accrue on and after the Redemption Date.

Payments will be made at the following paying agency listed below:

Citibank, N.A.
Citibank House
336 Strand
London WC2R 1HB, England

FUTURELINK

The fastest, most reliable, cost effective real-time FUTURES, FOREX and NEWS services available via FM within London.

LONDON 071 972 9779 — CALL HYETRON ON — PARIS 01 40 41 93 43

This notice is issued in compliance with the requirements of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("the London Stock Exchange"). Application has been made for all of the issued Warrants of Foreign & Colonial Emerging Markets Investment Trust PLC to be admitted to the Official List.

Foreign & Colonial

EMERGING MARKETS INVESTMENT TRUST PLC

(incorporated in Scotland with number 106024)

Bonus issue

of

20,002,705 Warrants to subscribe for a total of 20,002,705 ordinary shares at a price of 102 pence per share on 31st March in any of the years 1994 to 2003 inclusive

Copies of the Listing Particulars relating to the issue of Warrants can be obtained, for collection only, up to and including 3rd November, 1993 from the Company Announcements Office, the London Stock Exchange, London Stock Exchange Tower, Capel Court Entrance, off Bartholomew Lane, London EC2. In addition, copies of this document can also be obtained during normal business hours for 14 days from the date hereof, from the company's registered office, Orchard Brae House, 30 Queensferry Road, Edinburgh EH4 2HG and from any of the following:

Foreign & Colonial Emerging Markets Investment Trust PLC, Exchange House, Primrose Street, London EC2A 2NY

Credit Lyonnais Laing, Broadwalk House, 5 Appold Street, London EC2 2DA

Morgan Grenfell & Co. Limited, 23 Great Winchester Street, London EC2P 2AX

1st November, 1993

CONFERENCES

UNIDO — JAMPRO PROMOTIONS CORPORATION

JAMAICA

INVESTMENT PROMOTION MEETING

"Promoting International Business Co-operation"
Kingston, Jamaica

The United Nations Industrial Development Organization (UNIDO); the Jamaica Promotion Corporation (JAMPRO) and the United Nations Development Programme are organising an Investment Promotion Meeting in Kingston, 15 - 17 November 1993. At this event discussions between Jamaican and foreign entrepreneurs on specific investment projects through various forms of international business co-operation will be held. These excellent investment opportunities range from the agro industrial sector, extraction and downstream processing of minerals, light industries, information-based industries, to the attractive tourism sector/industry.

For prior registration and information on the available business profiles, please contact:

The Director
Industrial Investment Division, UNIDO
Attention: Latin America and Caribbean Unit
P.O. Box 300, A-1400 Vienna, Austria, Europe
Tel.: +43-1-21131 / 4864, 4813 Fax: +43-1-2308269

Notice of Interest Rates

To the Holders of

The United Mexican States

Collateralized Floating Rate Bonds Due 2019

NOTICE IS HEREBY GIVEN that the interest rates covering the Interest period from November 1, 1993 to May 2, 1994 are detailed below:

Series Designation	Rate	Interest Amount	Interest Payment Date
USD Discount Series B	4.3125 Per. P.A.	USD 21.80 Per USD \$ 1,000	May 2, 1994
YEN Discount Series	3.1875 Per. P.A.	YEN 1,611.00 Per YEN 100,000	May 2, 1994

CITIBANK, N.A., Agent

November 1, 1993

NOTICE TO HOLDERS OF THERMEDICS INC.
6 1/2% CONVERTIBLE SUBORDINATED DEBENTURES DUE 1998

NOTICE IS HEREBY GIVEN by Thermedics Inc. ("the Corporation"), pursuant to Section 7(a)(vi) of the Fiscal Agency Agreement dated as of July 16, 1990 among the Corporation, Thermo Electron Corporation and Chemical Bank, as Fiscal Agent, that, effective as of November 1, 1993, the conversion price of the Corporation's 6 1/2% Convertible Subordinated Debentures due 1998 has been adjusted from \$15 5/8 to \$10 5/12. This adjustment reflects a three-for-two split of the Corporation's Common Stock, \$.10 par value per share, paid in the form of a 50% stock dividend on November 1, 1993 to shareholders of record as of October 22, 1993.

CHEMICAL
Fiscal Agent

هكذا من الاصل

Stronger yen hampers shipbuilders

By Robert Thomson in Tokyo

JAPAN'S HEAVY INDUSTRIAL COMPANIES
Interim to Sept 1993 (Ybn)

	Sales	% change	Profits	% change
Mitsubishi Heavy	1,056	-5.0	61.0	-1.7
Kawasaki Heavy	369	2.5	6.1	24.8
Ishikawajima-Harima	453	22.0	13.4	19.0
Hitachi Zosen	138	11.0	7.2	20.9
Sumitomo Heavy	110	-13.9	-1.0	-

Source: Company Reports

Heavy Industries

JAPAN'S shipbuilders reported an increase in profits over the last three years that ran against the tide of most companies' earnings, but their results in the first half suggest that the yen's appreciation has left them facing another period of restructuring.

Mitsubishi Heavy Industries and the other leading heavy industrial companies are reporting sales increases from ship and heavy equipment orders received two or more years ago, but they are struggling against South Korean and other international competitors.

MHI reported a 1.7 per cent fall in pre-tax profit to Y61bn ($575.5m) on a 5 per cent fall in sales of Y1,056bn, though of more concern to the company was an 8.7 per cent fall in orders received during the period from April to September, compared to a year earlier.

Japanese shipbuilders attempted to reduce their dependence on the ship market during the late 1980s, which had been an unreliable source of earnings, but the recovery in ship demand in the late 1980s and the fall in domestic industrial equipment orders has again increased that reliance.

In MHI's case, ship and steel structure sales rose from 10.9 per cent to 17.2 per cent of total sales over the past year. But orders for ships during the half just ended fell 20.9 per cent on a year earlier, and the company's recent experience in bidding for an order of seven LNG carriers for Qatar highlights the extra burden of a strong yen.

MHI, Mitsui Engineering and Shipbuilding, and Kawasaki Heavy Industries won a joint order for seven vessels from Qatar Liquefied Gas for the vessels, which will be used to supply Chubu Electric Power, a electricity utility based in central Japan.

But the bid price, reportedly Y26bn per vessel, is below the current break-even cost of Y30bn for that type of carrier, according to Japanese industry specialists, and the companies are facing a loss on the project if the yen remains in the range of Y100-Y110 to the dollar.

Mr Matthew Ruddick, transport machinery specialist at James Capel Pacific, said the heavy industrial companies have a relatively high export to sales ratio, which makes them more vulnerable than many other industries to a strengthening of the yen.

He said South Korean competitors, able to build a very large crude carrier for Y8bn against the Y10bn in Japan, are winning orders at the Japanese builders' expense, but the filling of the South Korean order books will create demand for new vessels.

KHI reported a 24.8 cent rise in pre-tax profits to Y6.1bn, explaining that the fall in interest rates over the past year had reduced its repayment burden and improved its balance on financial items, compensating for an 8 per cent slide in operating profit during the period.

For the full year, KHI expects a 20.5 per cent fall in pre-tax profit to Y18bn on a 0.5 per cent increase in sales to Y960bn. Sales rose 2.5 per cent in the first half, due to ship and industrial machinery competitions, but orders during the period were Y331.1bn, down from Y408.5bn a year earlier.

Kawasaki exports motorcycles, and the yen has slowed growth in this market, which has been strong in east Asia during the last two years. The company is planning to increase its overseas procurement of parts and materials by 30 per cent in the next year.

The rush of Japanese investment in east Asia is likely to mean weak orders for plant and machinery in the domestic market. It could produce a rise in export orders, though the companies' competitiveness will be hurt by the strong yen.

They do not expect much help from defence orders, expected to remain sluggish. Sumitomo Heavy Industries, which had a pre-tax loss of Y1bn, compared with a profit of Y741m in the previous period, said orders in its ship, steel structures and defence division were down 33 per cent, though orders for environment-related and other general equipment rose 77.8 per cent.

JVC passes dividend as losses continue

By Michiyo Nakamoto in Tokyo

THE slowdown in the domestic market and the strength of the yen this year dealt a blow to JVC, the maker of video cassette recorders and other audio-visual products.

The Japanese company announced a pre-tax loss of Y9.9bn ($93.3m) on sales 1 per cent lower at Y251.4bn and passed its interim dividend.

JVC is dependent on its audio-visual products, including blank cassette and video tapes, for 79 per cent of its sales. Nearly half of the sales come from overseas markets where the yen's strength reduces price competitiveness.

This dependence has been costly for JVC, which rose to prominence as the company that first commercialised the video cassette format used by most consumers.

Video cassette sales in Japan have been on the decline, with shipments down by 9 per cent this year according to industry estimates. Meanwhile, price competition has become fierce.

The only bright spot has been in the US market where recent figures indicate there has been a pick-up in demand for video products. JVC's entertainment division increased sales by 27 per cent.

In order to cope with the difficult trading climate, JVC has set up a special "defensive" committee to oversee cost-cutting measures as well as an "offensive" committee to strengthen product line-up and sales efforts.

JVC aims to reduce costs by Y20bn and restructure its operations. It is transferring 400 employees from various departments to sales.

JVC expects losses to accumulate in the second half as economic conditions in Japan remain sluggish.

JVC : Interim 1993 (Ybn)

	1993	1992
Sales	251.4	-1%
Pre-tax	-9.9	-13.5
Net	-10.6	-15.9
Year forecast:		
Sales	505	
Pre-tax loss	25	
Net loss	26.5	

Hostile chorus to Volvo deal reaches crescendo

Hugh Carnegy looks at doubts over the Renault link

WHEN Volvo and Renault announced in Paris on September 6 their plan to merge the Swedish manufacturer's car and truck operations with the state-owned French automotive group, the reaction in Sweden was largely one of sober acceptance.

The right-centre government of Prime Minister Mr Carl Bildt, the opposition Social Democratic party, the trade unions and most business leaders gave the deal the thumbs up, saying it was the best way to ensure the future of vehicle making in Sweden in the face of tumbling demand in Europe and heavy overcapacity in the industry.

A Stockholm investment banker summed up the feeling with the comment "regrettable, but inevitable". By the end of last week, however, the climate had changed so much that the same banker believed real doubt had arisen over whether the merger would be approved by Volvo's shareholders.

"Perhaps it is not so inevitable after all," he remarked.

The opposition did not find its voice until early October. Then a rejection of the deal by Aktiespararna, the Swedish small shareholders' association, and a vehement denunciation by the head of Scania, Volvo's rival truck maker, combined to unleash a hostile chorus that by the weekend had reached a crescendo.

Backed by strong support from the media, the opposition camp now includes former senior Volvo executives, some trade unionists, an array of academics and – to date – two prominent institutional shareholders.

The new atmosphere was encapsulated at a packed seminar on the deal in Stockholm on Friday at which Mr Lennart Jeansson, head of Volvo cars and designated chief financial officer of the new Renault-Volvo, and Mr Jan Engström, Volvo's present chief of finance, were forced on the defensive by a panel of professors and a journalist, chaired by a sceptical Mr Assar Lindbeck, Sweden's best known economist.

The opposition inevitably includes a strong nationalist element which objects to Volvo, the symbol of Swedish industrial pride, being "sold out" to foreigners. But what has Volvo most worried are the substantive questions being raised by shareholders about the details of the merger agreement.

"The industrial logic of the merger for Volvo still seems more positive than negative," said a shareholder fund manager.

"But we have lots of questions about the valuations in the deal, the issue of the privatisation of Renault and the French government's intention to hold a golden share after privatisation."

What has Volvo most worried are shareholders' questions about the details of the merger

Volvo's case is suffering from two important weaknesses. Volvo and Renault have refused to break down the values placed on their respective assets, or give detailed performance forecasts, leaving many Swedes suspicious that Volvo, once again profitable, will in effect be milked by Renault which is suffering falling profits. Although Volvo will have a 35 per cent share in the merged company, its direct stake will be less than 18 per cent, and this is seen as a structural flaw.

The second weakness is the lack of cast-iron guarantee that Renault will be privatised as promised. There is a strong view in Sweden that continued recession, especially in the car industry, threatens the privatisation timetable and could strengthen protectionist forces, to the disadvantage of Volvo's Swedish operations in decisions on rationalisation.

From a Volvo shareholder's viewpoint there is another factor. After the merger, the Volvo parent will become, in effect, a diversified investment company with interests mainly in vehicle making, food and drinks and pharmaceuticals. As Professor Ingemar Stahl of Lund University remarked at Friday's seminar, an investor could almost certainly get better returns by investing separately in top car, food and pharmaceutical companies.

Apart from the substantive issues, a further difficulty for Volvo lies in the structure of its ownership.

Most of Sweden's other best known companies fall within the influence of the industrial empire of the Wallenberg family.

Heavily-weighted preference shares ensure that strategic decisions of the type taken by the Volvo board are made by one or two shareholders.

Volvo, by contrast, is a very democratic group in which no single shareholder has more than 10 per cent of the voting capital and more than 40 per cent is held by about 15 institutions. After Renault, which has 10 per cent of the votes, the next largest single shareholder is the so-called Fourth Fund state pension fund with 7.5 per cent.

At the same time, many influential figures sit on the board of more than one of these institutions, reflecting the small-world nature of Sweden's business community. This can work to Volvo's advantage through, for example, the seat on the board of Trygg-Hansa SPP, the insurance group held by Mr Sören Gyll, the Volvo chief executive. In another typical feature of Swedish business life, the trade unions hold many positions in the institutions and have, to date, mostly supported the merger.

However, double-jobbing at board level is working against Volvo where opponents exert their influence more than once. Nor are personal animosities absent.

Men such as Mr Lars-Erik Forsgardh, the head of Aktiespararna, have long battled against the flamboyant, and sometimes erratic, leadership of Volvo by Mr Pehr Gyllenhammar.

"A lot of scores are being settled," said the Stockholm investment banker.

Australia raises A$1.7bn from bank sell-off

By Nikki Tait in Sydney

THE Australian government will raise A$1.69bn (US$1.1bn) from the sale of a 19.9 per cent stake in Commonwealth Bank – the second tranche of equity in the bank to be floated off by the authorities.

Mr Ralph Willis, the finance minister, announced at the weekend that the issue would be priced at A$9.60 a share for institutional buyers. Private investors are entitled to a 25 cents a share discount – meaning that they will pay A$9.35.

The sale involves a total of 178.5m shares. About 85 per cent of these have been reserved for private investors, who submitted over 191,000 applications, representing almost A$1.1bn worth of shares.

Paper groups hit by low prices

By Emiko Terazono in Tokyo

JAPAN'S PAPER AND PULP COMPANIES

	Sales Y(bn)	Change %	Pre-tax profit	Change %
Nippon	318.52	-21.0	4.03	-21.0
Daishowa	144.90	-8.7	-11.41	-
Honshu	185.8	-5.7	3.5	33.6

INTERIM earnings at Japan's leading paper and pulp companies exemplified problems facing the industry, as sluggish demand and high competition depressed profit margins.

Nippon Paper Industries, Daishowa Paper and Honshu Paper were hit by lower paper prices. Honshu managed to lift its profit figure due to a decline in interest payment as interest rates have fallen.

The depressed business environment has accelerated restructuring of the industry. Last April, Jujo Paper and Sanyo-Kokusaku Pulp merged to create Nippon Paper Industries, and Kanzaki Paper and Oji Paper merged to form New Oji Paper last October.

Nippon Paper, the industry leader, said paper sales fell 8 per cent to Y232.7bn ($2.2bn) while sales for pulp and chemicals declined 19 per cent and building materials decreased 17 per cent. After-tax profits jumped 53 per cent to Y5.4bn thanks to profits from stock sales linked to the stock market listing of a subsidiary.

Paper sales at Honshu fell 6.6 per cent to Y89.5bn, while Daishowa, led by the Saito family, known for its extensive purchases of French impressionist art during the late 1980s, posted a 7.5 per cent decline to Y135.7bn.

For the year to March, lower paper prices will continue to squeeze earnings. Nippon Paper expects lower costs to lift operating profits, but a fall in gains from securities holdings will depress non-consolidated pre-tax profits by 25 per cent to 8.5bn on a 4 per cent fall in sales of Y642bn.

Daishowa posted Y10.8bn in unrealised losses on its securities portfolio at the end of September. It sees a pre-tax loss of Y21.8bn on a 6.7 per cent fall in sales to Y289bn. Honshu sees sales falling 4.4 per cent to Y372.6bn but expects support from lower interest rates, and sees pre-tax profits rising 8.1 per cent to Y6.6bn.

GUYOMARC'H

1992 and 1993 FIRST-HALF EARNINGS

FFm	June 1992	June 1993
Sales	3,427.5	3,346.8
Operating profit	144.1	133.7
Earnings before exceptionals	67.4	49.8
Cash flow	158.3	153.0

The 6.7 % decline in animal feed sales stems from falls in raw material prices and sales volumes due to application of the Common Agricultural Policy.

The group's three other divisions - Royal Canin (pet food), Père Dodu (cooked dishes) and Diana (natural ingredients) - showed satisfactory growth of around 5 %.

Over the last three years and notably in 1992, the Guyomarc'h group embarked on an ambitious investment policy in order to adapt to the new developments in its markets and ensure future growth.

However, the devaluation of some European currencies have cancelled out the positive effects of productivity gains on operating profit.

The group has stood up quite well to tough economic conditions. This can be seen through the relative stability of cash flow and operating profit in spite of a considerable increase in depreciation.

Guyomarc'h will pursue its efforts to enhance production capacity to ensure further development in a climate expected to remain difficult throughout Europe in 1994.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	19.07	18.06	18.06
0100	21.36	17.99	17.99
0130	25.28	18.05	18.05
0200	25.28	21.47	24.61
0230	25.28	21.80	24.95
0300	25.28	21.80	24.95
0330	25.28	18.05	18.05
0400	18.18	18.04	18.04
0430	18.06	18.03	18.03
0500	18.05	17.99	17.99
0530	18.05	17.99	17.99
0600	18.05	17.99	17.99
0630	18.05	18.06	18.06
0700	24.98	18.54	18.54
0730	25.06	27.38	30.56
0800	25.40	30.66	33.90
0830	27.34	31.00	34.28
0900	29.58	31.22	34.54
0930	31.13	31.35	34.70
1000	36.04	31.41	34.77
1030	36.04	31.29	34.62
1100	36.04	28.52	31.81
1130	28.59	28.48	31.76
1200	28.82	28.49	31.77
1230	28.82	28.40	31.64
1300	28.82	28.25	31.48
1330	27.45	26.34	29.42
1400	27.05	28.11	31.27
1430	27.02	26.28	29.45
1500	19.48	26.28	29.44
1530	19.30	25.28	28.44
1600	27.02	25.30	28.46
1630	27.57	25.35	28.54
1700	44.59	33.19	36.38
1730	47.17	33.17	36.36
1800	47.11	33.11	36.29
1830	42.01	30.14	33.33
1900	34.77	32.38	35.65
1930	28.20	42.29	45.34
2000	27.79	42.22	45.44
2030	27.78	24.95	28.11
2100	27.71	24.90	28.00
2130	27.71	24.98	28.07
2200	27.71	24.68	27.64
2230	24.88	22.61	25.96
2300	24.80	21.91	25.06
2330	21.84	21.00	24.15
2400	18.46	18.05	18.05

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.89/MWh becomes 1.889p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone [illegible] between 8.00am and 5.15pm Monday to Friday. ©Energy Settlements and Information Services Limited

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.54	17.99	17.99
0100	44.58	17.97	17.97
0130	44.58	18.05	18.05
0200	44.58	20.96	24.70
0230	30.89	21.18	24.99
0300	30.88	21.15	24.98
0330	21.29	21.18	24.99
0400	20.89	20.60	24.42
0430	20.46	20.34	24.15
0500	20.44	20.34	24.15
0530	18.04	18.01	18.01
0600	18.03	18.01	18.01
0630	18.02	18.01	18.01
0700	18.03	18.01	18.01
0730	18.02	18.01	18.01
0800	18.09	18.04	18.04
0830	18.02	21.34	25.15
0900	18.05	21.47	25.29
0930	21.09	21.80	25.62
1000	22.77	21.80	25.62
1030	26.10	21.96	25.77
1100	27.95	21.96	25.77
1130	28.50	22.43	26.25
1200	31.75	25.75	29.56
1230	31.75	30.20	34.01
1300	31.75	30.20	34.01
1330	31.75	25.75	29.56
1400	29.90	22.96	26.77
1430	18.54	18.08	18.08
1500	18.11	18.06	18.06
1530	18.06	18.05	18.05
1600	18.09	18.03	18.03
1630	18.07	18.06	18.06
1700	22.18	18.06	18.06
1730	30.38	21.65	25.47
1800	30.38	21.80	25.62
1830	30.38	21.80	25.62
1900	30.38	25.19	29.00
1930	30.38	39.00	42.81
2000	27.97	39.00	42.81
2030	27.97	33.08	36.90
2100	26.82	25.19	29.00
2130	26.10	22.96	26.77
2200	26.10	23.84	27.66
2230	25.29	22.40	26.23
2300	18.18	21.80	25.62
2330	18.07	21.76	25.57
2400	18.07	18.03	18.03

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.89/MWh becomes 1.889p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone [illegible] between 8.00am and 5.15pm Monday to Friday. ©Energy Settlements and Information Services Limited

End of Month S.G.Warburg Warrant Valuations

	TYPE	CURRENCY	SPOT	STRIKE	PRICE	EXPIRY
Single Stocks						
Saipem	Capped Call	ITL	2790	4246	281	30th Mar 95
Sip	Call	ITL	3560	3832	802	14th Jan 96
Stet	Call	ITL	4153	4725	734	14th Sep 95
Baskets						
European Airlines	Call	£	376	320	8.57	3rd Feb 95
European Multi-Media	Call	£	2020	2046.33	2.92	28th Sep 95
UK Pharmaceuticals	Call	£	101.80	98.05	1.40	26th Jan 95
European Steels	Call	DM	2856	2550	62	12th Jun 95
Indices						
MidCap Index	Call	£	3528	2900	6.61	18th Mar 94
MidCap Index	Call	£	3528	3200	3.84	18th Mar 94
MidCap Index	Call	£	3528	2900	7.01	17th Mar 95
MidCap Index	Call	£	3528	3470	3.44	17th Mar 95
MidCap Index	Call	£	3528	3670	2.52	17th Mar 95
MidCap Index	Put	£	3528	2900	0.05	18th Mar 94
MidCap Index	Put	£	3528	2600	0.05	18th Mar 94
MidCap Index	Put	£	3528	2900	0.21	17th Mar 95
MidCap Index	Put	£	3528	3470	2.03	17th Mar 95
MidCap Index	Put	£	3528	3270	1.25	17th Mar 95

S.G.WARBURG
S.G.WARBURG & CO. LTD.
EQUITY DERIVATIVES
FOR INFORMATION CONTACT JUSTIN CHITTENDEN ON 071-860 0517
REUTERS PAGE: WARB

"These results are evidence of CAF's successful efforts to meet the growing demands of the charity sector"
Sir John Read
Chairman, Charities Aid Foundation

Year end results	1993	1992
TOTAL FUNDS UNDER MANAGEMENT	£221.1m	£147.5m
TOTAL FUNDS RECEIVED IN YEAR	£163.2m	£120.2m
TOTAL FUNDS RECEIVED FOR DISTRIBUTION TO CHARITY	£105.1m	£96.3m
CLIENT NUMBERS		
Individual Clients	140,608	123,897
Corporate Clients	3,702	3,395
Charity Clients	2,445	1,775

CAF
Charities Aid Foundation
Simply, the best way to give

Registered Charity Number 269369
Copies of the Annual Report & Accounts are available from - Head Office 48, Pembury Road, Tonbridge, Kent TN9 2JD
Telephone 0732 771333 Fax 0732 350570

Daily Gold Fax - free sample
from Chart Analysis Ltd
7 Swallow Street, London W1R 7HD, UK - commodity specialists for over 22 years
call Anne Whitby
Tel: 071-734 7174
Fax: 071-439 4966

NOTICE OF INTEREST RATE

To the Holders of
BankAmerica Corporation
Floating Rate
Subordinated Capital Notes
Due 1999
CUSIP 066050 BG5

Pursuant to the provision of the Notes issued under the Indenture of BankAmerica Corporation dated as of June 15, 1984 as amended by the Second Supplemental Indenture dated as of September 30, 1987, the rate for the period from October 26, 1993 up to and including November 29, 1993 is 4.625%. The amount of interest payable on November 29, 1993 is U.S. $449.65 for each $100,000 principal amount of the Notes.

Chemical Bank, as Calculation Agent

November 1, 1993

The Top Opportunities Section
appears every Wednesday.
For advertising information call:
Clare Peasnell
071 873 4027
Elizabeth Arthur
071 873 3694

ABBOT HOLDINGS plc

Recommended Unconditional Cash Offer for the whole of the issued share capital of KCA Drilling Group Limited not already owned by Abbot Holdings plc

Notice to holders of shares in KCA Drilling Group Limited

The British Linen Bank Limited ("British Linen Bank") announces on behalf of Abbot Holdings plc ("Abbot") that, by means of a formal offer document dated and despatched on 29th October, 1993 (the "Offer Document") to shareholders of KCA Drilling Group Limited ("KCA"), British Linen Bank is making an offer (the "Offer") on behalf of Abbot to acquire the entire issued share capital of KCA not already owned by Abbot. Terms defined in the Offer Document have the same meaning in this notice.

The Offer is an offer of 7p in cash for every KCA share and the full terms of the Offer are set out in the Offer Document.

The Offer is capable of acceptance from and after 3.00 p.m. on 29th October, 1993. With effect from that time, the Offer is, by means of this notice, extended to all persons to whom the Offer Document may not be despatched and who hold KCA shares. Copies of the Offer Document and the Form of Acceptance will be available for collection from The British Linen Bank Limited, 8 Frederick's Place, London EC2R 8AT, United Kingdom.

This notice is published on behalf of Abbot and has been approved by British Linen Bank, a member of The Securities and Futures Authority for the purposes of Section 57 of the Financial Services Act 1986.

The issue of this notice has been approved by the board of Abbot. The directors of Abbot accept responsibility for the information contained in this notice. To the best of the knowledge and belief of the directors of Abbot (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

29th October, 1993

The United Mexican States Floating Rate
Privatization Notes Due 2001

The applicable rate of interest for the period November 1, 1993, through and including January 31, 1994, to be paid on February 1, 1994, a period of 92 days, is 4.25%. This rate is 13/16% above the offered rate for three-month deposits in U.S. Dollars which appeared on the display designated as the British Bankers Association's Interest Settlement Rate (3.4375%) as quoted on the Dow Jones/Telerate Monitor as Telerate Screen No. 3750 as at 11:00 A.M. (London Time) on October 28, 1993.

The above rate equates to an interest payment of USD 10.86111 per USD 1,000.00 in principal amount of Notes.

Banco Nacional de Mexico, NY

October 28, 1993

INTERNATIONAL CAPITAL MARKETS

US MONEY AND CREDIT

Data could bring back the bears

AS EVIDENCE mounts that the US economy is gradually strengthening. bond yields at the long end of the Treasury market are struggling to hold below 6 per cent.

Last week, the market absorbed a spate of bullish economic numbers surprisingly well. Prices fell and yields rose, but not by much. The yield on the 30-year bond ended the week at 5.965 per cent.

However, another round of data is due out this week that will, in all likelihood, point to a continued acceleration in economic activity, and analysts are not sure that the market will take much more without cracking.

That investors stood their ground so well last week was partly due to some discounting by dealers who had sold bonds in anticipation of bad economic news, and partly because of remarks by Ms Susan Phillips, Federal Reserve governor.

The third-quarter gross domestic product report had been discounted by the the market earlier in the week. The 2.8 per cent rise in GDP was roughly in line with expectations, and at first glance there was little to concern the market about the figures.

However, a closer look revealed a more disturbing fact: that if it had not been for the impact of crop losses incurred during the summer's floods in the Midwest, GDP would have grown by a much more robust 3.4 per cent between July and September. Once the penny dropped, so did prices, pushing yields back over 6 per cent.

The selling did not last long, because the decline in prices quickly attracted buyers. The market was helped by comments from Ms Phillips, who said that she doubted whether economic growth in the fourth quarter could match the 2.8 per cent rate achieved in the third quarter.

Although there was nothing especially shocking in that statement, it was enough to push prices into positive territory, and yields back below 6 per cent.

The reaction to the Fed governor's remarks highlights the skittishness of fixed-income investors. Ten days ago bond prices were sent into a temporary tailspin by an innocuous prime rate cut by Morgan Guaranty.

A week later equally innocuous comments from a Fed official helped spark a rally. This is not the behaviour of a market that knows where it's going. With yields at historic lows, and the Fed more likely to make the next interest rate move an upward one, investors are clearly worried that the bond market may have reached its peak.

This week's data could prove a turning point for bonds. A raft of important economic data is due for release, and if the figures are consistently on the bullish side, the long end of the market could be in for a rough few days.

Today opens with the National Association of Purchasing Management's report for October, which is expected to record signs of a recovery in nationwide manufacturing activity. Tomorrow, September's leading economic indicators are forecast to show an increase of 0.5 per cent, and September single-family home sales to show a rise of about 4 per cent.

The pace picks up on Friday, when the all-important monthly jobs figures are published. Analysts expect the national unemployment rate to stay unchanged at 6.7 per cent, but are predicting a solid 150,000 increase in non-farm payrolls.

If these forecast prove accurate, fixed-income investors will end the week with little doubt in their minds that the economy has accelerated away from the sluggish growth exhibited in the first half of the year. And given that the recent discounting of good economic news has worked its way out through the market, there is very little slack left in bond prices.

After last week's struggle to keep yields below 6 per cant, the market may not have the strength to resist the bears this week.

Patrick Harverson

UK GILTS

Bank report likely to prop prices

PROSPECTS for inflation in the UK over the next few months will occupy the minds of gilt specialists with the publication tomorrow of the Bank of England's latest report on price pressures. This is expected to paint a picture of inflationary forces throughout the economy being fairly weak and give another push to the generally downward drift in gilt yields of the past few weeks.

This trend received a jolt last week when gilt prices fell sharply on Wednesday soon after a successful £3.5bn auction by the Bank of five-year benchmark bonds. The decline in gilt prices, which stabilised by the end of the week, was due mainly to a concentrated effort by hedge fund managers in the US to sell European bonds including French and German securities.

However, the Bank's quarterly inflation report tomorrow is likely to put a floor under gilt prices by commenting on the generally favourable trends in inflation of recent weeks. With the Bank's economics department trying to set new standards in thinking of new ways to measure inflation, attention has been focused particularly on its new definition of core inflation – categorised as the year-on-year change in the retail prices index, excluding both mortgage interest payments and indirect taxes covering VAT, excise duties and local authority tax.

In the Bank's last inflation report in August, its economists were fairly bullish about this core inflation figure. They reckoned this would stay at about 3 per cent during the rest of this year and next year. This optimism might have seemed somewhat misplaced in view of the larger than expected September figures for the year-on-year change in the RPI and in RPI excluding mortgage payments – the latter being the Treasury's official measure of underlying inflation – which came out at 1.8 per cent and 3.3 per cent respectively.

However, many gilt analysts go along with the Bank's general line on inflation as expressed in the August report. They say the blip upwards in the year-on-year figures for September was largely a result of changes in retail prices a year ago and should not distract attention from the flat picture for inflation over the past few months. According to economists at Morgan Grenfell, the October figures for the RPI and the Treasury's measure of underlying inflation – due to be released by the Central Statistical Office next week – will be relatively low at a year-on-year 1.7 per cent and 3.2 per cent respectively.

The general absence of worries about price pressures in the economy was behind the signs of latent demand for gilts in the financial markets towards the end of last week. "After the sell off in gilts in the middle of the week it was noticeable that as soon as the yield difference between gilts and German government bonds crept up to anything just over 100 basis points, buyers for the UK securities entered the market on the grounds that the instruments looked cheap," said a bond specialist.

Over the week, the yield for the benchmark Treasury 9 per cent bond maturing in 2008 crept up 13 basis points, being quoted on Friday night at 7.2 per cent after 7.07 per cent the previous week. Its price on Friday was 116¼, a fall on the week.

The yield increase for short-dated gilts was slightly higher for the week, with some investors moving out of these instruments on Friday after comments from Mr Eddie George, Bank governor, indicating that an early cut in interest rates was unlikely.

In spite of these comments many traders expect Mr Kenneth Clarke, the chancellor, to bring down bank base rates from 6 per cent at around the time of the Budget on November 30.

Peter Marsh

DANISH BONDS

Further rate reductions in Nordic region promise large capital gains

WITH yields in many core European bond markets approaching historic lows, more investors are lured by the yield pick-ups that Nordic bonds offer. Moreover, further rate cuts in coming months are expected to result in hefty capital gains.

Denmark remains one of the region's favourites and is widely expected to outperform several core markets in coming months.

The Danish central bank has taken advantage of the widening of the ERM's fluctuation bands on August 2 to cut its interest rates independently of the Bundesbank, and with inflation a mere 1.2 per cent and unemployment at 12.4 per cent, that trend is set likely to continue.

In the last 2½ months, it cut its important 14-day certificate of deposit rate six times from 11 per cent to 8 per cent.

The Danish krone has held up well in the process, a factor that is expected to facilitate further rate cuts in the near future.

Mr Peter von Maydell, senior economist at IDEA, the market analysis group, expects the central bank's 14-day CD to fall another 100 basis points by year-end and said the next reduction could come towards the end of this week. He said a ¼-point cut – rather than the recent ½-point reductions – was most likely.

"They will probably scale down the easing pace as we approach interest rate levels of the time before the ERM break-up," he said.

This is likely to keep Danish bonds well supported.

"We remain very positive for Denmark," said Mr Rainer Back, bond market analyst at DB Research, Deutsche Bank's research arm.

> 'With elections [in Sweden] coming up, the government isn't going to show much fiscal austerity'

Mr Back expects the Danish 10-year yield spread over German government bonds – currently at 51 basis points – to narrow to around 20 basis points in the next six months.

However, five- to seven-year bonds probably offered the best capital-gains potential on continued interest rate cuts, Mr Back said. The Danish five-year yield spread over Bunds currently stands at some 70 basis points.

Apart from its large Treasury market, Denmark has a liquid market for mortgage bonds, which have longer maturities than government bonds and offer a substantial yield pick-up.

The 8 per cent mortgage bond due 2026 yielded some 110 basis points over the 8 per cent government bond due 2003 on Friday.

Swedish 10-year bonds offer a larger yield pick-up over Germany – 163 basis points on Friday – and the allure of capital gains on further easing. However, analysts warn the long end remains vulnerable to bad news on the public-sector deficit front and political uncertainty ahead of next year's elections.

"With elections coming up, the government isn't going to show much fiscal austerity," said Mr von Maydell.

The public-sector deficit is expected to account for some 14 per cent of gross domestic product this year and only slightly less next year.

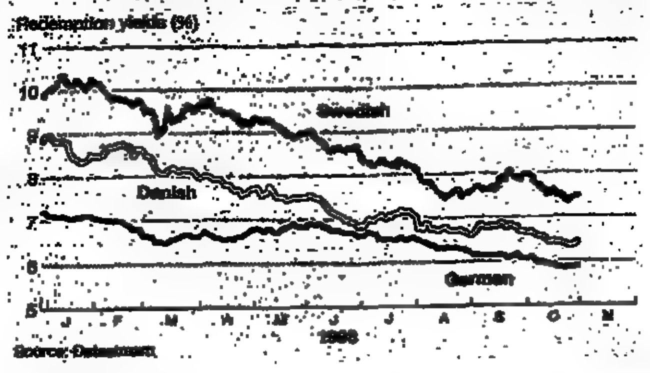
However, investors may be able to realise large gains on the currency, which depreciated sharply in recent months but has begun a slow recovery which is expected to be supported by the country's improving export performance. After hitting a SKr5.04 high against the D-Mark in late September, it traded on Friday at SKr4.80.

"Even if this is just a dead cat bounce, the krona could well rise by about 10 per cent from its low to around 4.55," Mr Back said.

Even higher-yielding bonds in Finland and Norway are expected to benefit from the easing scenario, although the relative lack of liquidity in those markets tends to deter heavy foreign investment.

Conner Middelmann

10 year government bond yields



Source: Datastream

FT/ISMA INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid price	Chg on week	Yield
Abb Intl Fin 6⅛ 98	200	103⅞	-⅛	4.55
Abbey Natl Treasury 6½ 03	1000	103		6.07
African Dev Bk 7¾ 23	500	107⅞	-1⅝	6.76
AlbertaProvince 8⅞ 98	750	110⅝	-⅛	4.82
AlbertaProvince 9⅝ 95	600	109⅝	-⅛	4.36
American Express 0 00	450	64¼	-⅛	6.30
American General 9¾ 95	100	108¼		4.43
American Intl 0 04	750	51⅞	-⅛	6.41
Amoco Canada 7¾ 02	[illegible]	109⅜	-⅛	5.90
Asfinag 7¾ 02	200	108⅝	-⅝	5.87
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Hydro 9¾ 98	150	117⅝	-⅛	5.56
Quebec Prov 9 98	200	113	-⅛	5.60
Quebec Prov 9½ 01	800	117⅝	-1	6.17
Queensland Govt 10¼ 98	100	109⅛	-⅛	4.46
Ralston Purina 11⅞ 95	150	109½	-⅛	4.99
Reed Publishing 8⅝ 97	150	114⅝	-⅛	5.26
Rolls Royce Capital 7⅛ 03	300	104	-⅛	6.55
Sainsbury 9⅛ 96	150	111	-⅛	4.98
Sandoz o/s Fin 6⅞ 00	300	104⅝	-⅛	5.46
SAS 10 99	200	115⅞	-⅛	6.48
SAS 10⅛ 95	[illegible]	105⅝	-⅛	5.30
SBAB 9½ 95	500	107⅝	-⅛	4.31
SSC Finance 7⅞ 98	200	107⅝	-½	4.79
Sears Euro Trust 8¼ 96	750	106⅝	-½	4.87
Sears o/s Fin Zero 0 98	500	76⅝	-⅛	5.94
Sears Roebuck Euro 9¾ 95	900	107½	-⅛	4.31
Skandinaviska Ensk 7⅞ 97	500	108⅝	-⅛	5.37
SNCF 9½ 98	150	117⅝	-⅛	5.21
Spain 6½ 99	1500	105⅞	-⅛	5.41
State Bk NSW 9½ 96	200	108⅝	-⅛	4.91
Sweden 5½ 95	2000	102⅛	-⅛	4.35
Sweden 6½ 03	2000	104⅛	-⅛	5.99
Sweden 9¼ 98	[illegible]	115⅝	-⅛	5.12
Swedish Export 8⅞ 96	700	108½	-⅛	4.60
Thyssen Finance 7½ 99	200	106½	-⅛	6.12
Tohoku Elec Power 7⅝ 97	250	108⅝	-⅛	5.05
Total Asia 11½ 95	100	109⅝		4.98
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid price	Chg on week	Yield
Asian Dev Bank 6 10	100	115¾	+⅛	4.44
Council Europe 4¾ 98	250	102⅝	+⅛	4.04
EIB 6¾ 04	300	114⅛	+⅛	4.67
Elec de France 7¼ 06	100	116⅞	-⅛	5.45
Finland 7¼ 99	300	114½	+⅛	4.42
[illegible]	100	103½	+⅛	4.89
Hyundai Motor Fin 8⅛ 97	100	109⅝	-⅛	5.76
Iceland 7⅞ 00	100	116½	+⅛	4.71
Kobe 6¾ 01	240	112⅝	+⅛	4.48
New Zealand 4⅞ 99	200	100⅞	+⅛	4.68
Ostado 6¼ 03	400	111½	+⅛	4.69
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Other sections	Issued	Bid price	Chg on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutsche Finance 7⅛ 98	1000	103⅝	-⅛	4.84
ECSC 8⅞ 96	700	108⅛		4.80
EEC 6½ 00	[illegible]	104⅛		4.70
EIB 7⅛ 99	400	109⅛	+⅛	5.06
Finland 7½ 00	3000	107⅞		6.04
Ireland 7⅛ 02	500	109⅝		6.31
Italy 7¼ 98	5000	105⅝	-⅛	5.82
Spain 7¼ 03	4000	106⅞	-⅛	6.25
Sweden 8 97	2500	109⅝		5.61
Tokyo Elec Power 7⅝ 02	1000	109½		6.27
United Kingdom 7⅛ 97	5500	105⅝		5.46
Volkswagen Intl Fin 7 03	1000	102½	-⅛	6.63
World Bank 0 15	2000	27	-⅛	6.00
World Bank 5¾ 98	300	102	-⅛	4.82
World Bank 6¾ 00	1250	110⅝		5.35

EQUITY WARRANTS	Expiry date	Price	Chg on week	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asahi Glass	25/03/98	15⅝		16.16
Canon	24/05/95	18⅛	-⅛	11.02
Casio Computer	04/03/97	24⅛	+1⅛	9.41
Dowa Mining	18/03/97	12⅛	-⅛	21.25
Hankyu Dept Stores	14/03/96	7⅛	-⅛	22.99
Kobe Steel	12/06/96	2	-⅛	80.50
Mitsui Toatsu Chem	30/01/96	3⅝	-⅛	
Morinaga	13/06/95	9⅛	-⅛	15.18
Nichirei Corp	11/06/96	22	-⅛	16.30
Nisshin Steel	18/04/96	2⅛	-⅛	
Okura	30/01/96	6⅛	-⅛	27.23
Royal Hotel	14/03/95	⅛		
SMC	25/07/96	27⅛	-⅛	66.15
Takashimaya	02/07/96	6⅛	-⅛	41.10
Toyo Sash	05/08/97	7⅛	-1⅛	60.78
Yamatake-Honeywell	12/08/97	27⅛	-⅛	4.75

STRAIGHT BONDS:Yield to redemption of the bid-price. Amount issued is expressed in millions of currency units.
FLOATING RATE NOTES:US dollars unless indicated. Margin above six-month offered rate for US dollars. C.cpn=current coupon.
CONVERTIBLE BONDS:US Dollars unless indicated. Prem=percentage premium of the current effective price of buying shares via the bond over the most recent share price.
WARRANTS:Equity warrant prem=exercise premium over current share price. Bond warrant ex yld=exercise yield at current warrant price.

Closing prices on October 29

© The Financial Times Limited 1993. Reproduction in whole or in part in any form not permitted without written consent. Data supplied by International Securities Market Association.

Adjustment to the Subscription Price for the Warrants

Toho Zinc Co., Ltd.
U.S.$70,000,000
5.375 per cent. Guaranteed Notes due 1994
(the "Notes")
with Warrants
(the "Warrants")

Pursuant to Clause 3 of the Instrument dated 13th September, 1990 concerning the Adjustment, notice is hereby given as follows:

Toho Zinc Co., Ltd. has issued U.S.$120,000,000 0.75 per cent. Guaranteed Notes due 1997 with Warrants on 28th October, 1993 at the initial subscription price of ¥605 per share which is less than the current market price per share of ¥633.33 calculated as provided in the Instrument.

As a result of such issuance and pursuant to Clause 3 of the Instrument, the Subscription Price of the Warrants will be adjusted from ¥759.2 to ¥753.7.

This Adjustment referred to hereinabove becomes effective as of 28th October, 1993 (Japan time) pursuant to the said Instrument.

Toho Zinc Co., Ltd.

By: The Mitsubishi Trust and Banking Corporation
as Principal Paying Agent

Dated: 1st November, 1993

Union Bank of Norway
U.S. $27,000,000
Subordinated Floating Rate Notes due 2002

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 31st January, 1994 has been fixed at 5.2375% per annum. The interest accruing for such three month period will be U.S. $6,837.85 per U.S. $500,000 Note against presentation of Coupon Number 6.

Union Bank of Switzerland
London Branch Agent Bank
27th October, 1993

Union Bank of Switzerland

Espirito Santo Financial Holding S.A.
U.S. $100,000,000
Floating Rate Notes due 1996

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the six month period ending 29th April, 1994 has been fixed at 4.4375% per annum. The interest accruing for such six month period will be U.S. $2,243.40 per U.S. $100,000 Note against presentation of Coupon Number 6.

Union Bank of Switzerland
London Branch Agent Bank
27th October, 1993

Union Bank of Switzerland

International Bank for Reconstruction and Development
ECU 450,000,000
Floating Rate Notes due 2002

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 31st January, 1994 has been fixed at 6.625% per annum. The interest accruing for such three month period will be ECU 86.49 per ECU 5,000 Bearer Note, and ECU 1,729.86 per ECU 100,000 Bearer Note, on 31st January, 1994 against presentation of Coupon No. 7.

Union Bank of Switzerland
London Branch Agent Bank
27th October, 1993

LEGAL NOTICES

NOTICE OF APPOINTMENT

Company Names: B A Employment Group Limited, B A (UK) Limited. Company Numbers: 1937372 & 2056412. Type of liquidation: Members' Voluntary. Address of registered office: Clarence House, 134 Hatfield Road, St Albans, AL1 4JB. Liquidators names and address: Margaret Elizabeth Mills and Stephen James Lister Adamson, Becket House, 1 Lambeth Palace Road, London SE1. Office holder numbers: 5318 & 1027. Date of appointment: 15 October 1993. By whom appointed: Members.

NOTICE TO CREDITORS

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Companies required on or before 7 December 1993 to send their names, addresses and particulars of their claims, and the names and addresses of their solicitors (if any) to us and if so required by notice in writing from us, are personally or by their solicitors to come in and prove their debts or claims at such time and place as shall be specified in such notice or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

M E Mills
Joint Liquidator
Dated 26th October 1993
NB: This notice is purely formal. All known creditors have been or will be paid in full.

CAL MEMBER SFA
FX and GOLD
24 HR DEALING
Call now for further information
CAL Futures Ltd
162 Queen Victoria Street
London EC4V 4BS
Tel: 071-329 3030
Fax: 071-329 3918

NO MORE DANCING!
SATQUOTE™ – Your single service for real time quotes.
Futures * Options * Stocks * Forex * News * Via Satellite
LONDON +71 329 3377
NEW YORK +212 2696636 FRANKFURT +4969 440071

FUTURES &OPTIONS TRADERS
FOR AN EFFICIENT & COMPETITIVE SERVICE
BERKELEY FUTURES LIMITED
38 DOVER STREET, LONDON W1X 3RB
TEL: 071 629 1133 FAX: 071 495 0022

PRESS FOR GOLD - 0839 35-35-25
Dial now for Gold and Silver prices, with 60 second updates 24 hours a day. Calls are charged at 36p/min cheap rate, 48p/min all other times. For details of the full range of financial information services from Futures Pager Ltd call 071-895 9400.
FUTURES PAGER

IG INDEX
TAX-FREE* SPECULATION IN FUTURES
To obtain your free Guide to how your Financial Bookmaker can help you, call Michael Murray or Ian Jenkins on 071-828 7233 or write to us: IG Index Plc, 9-11 Grosvenor Gardens, London SW1W 0BD.
*Under current legislation which is subject to change

Market Myths and Duff Forecasts for 1993
The US dollar will move higher; precious metals have been demonetized; Japanese equities are not in a new bull trend. You did NOT read that in FullerMoney - the iconoclastic investment letter.
Call Jane Farquharson for a sample issue (once only) at Chart Analysis Ltd, 7 Swallow Street, London W1R 7HD, UK Tel: London 71-439 4961 (071 in UK) or Fax: 71-439 4966

FOREXIA FAX $ £ Dm ¥
AN 8 YEAR PUBLIC RECORD OF ACCURATE SHORT TERM FOREIGN EXCHANGE FORECASTING
DAILY FOREIGN EXCHANGE COMMENTARIES, CHARTS, FORECASTS AND RECOMMENDATIONS
Tel: +44 81 948 8316 free trial details Fax: +44 81 948 8469

Currency Fax - FREE 2 week trial
from Chart Analysis Ltd
7 Swallow Street, London W1R 7HD, UK -
exchange rate specialists for over 20 years
ask Anne Whitby
Tel: 071-734 7174
Fax: 071-439 4966
a FIMBRA Member

CURRENCY MANAGEMENT CORPORATION PLC
WINCHESTER HOUSE, 77 LONDON WALL, LONDON EC2N 5ND
TEL: 071-382 9745 FAX: 071-382 9487
FOREIGN EXCHANGE & GOLD
24 HOUR LONDON DEALING DESK
COMPETITIVE RATES & DAILY FAX SHEET
CALL FOR FURTHER INFORMATION & BROCHURE

•FOREX •METALS •BONDS •SOFTS
Objective analysis for professional investors
0962 879764
TREND ANALYSIS LIMITED
Fiennes House, 32 Southgate Street, Winchester, Hants SO23 9EH Fax 0424 774067

LOW COST SHARE DEALING SERVICE
COMMISSION FROM £10 MINIMUM TO £99 MAXIMUM ON ANY TRADE
081-944 0111

Over 200,000 Global Symbols comprising Equities • Bonds Commodities • Futures & Options • Indicies • FX and News
With more than 55 Exchanges including US, Asia and all major European Exchanges. Standalone, LAN, Windows.
WHY PAY MORE FOR LESS?
Call Graham Clark, PC QUOTE (London) 071-623-4203
PC QUOTE
G4KB HYPERFEED

INTERNATIONAL BONDS

Low interest rates could open up Swiss sector

THE PROSPECT of Swiss interest rates remaining low for the next year could open up the Swiss bond market to a much wider range of foreign borrowers.

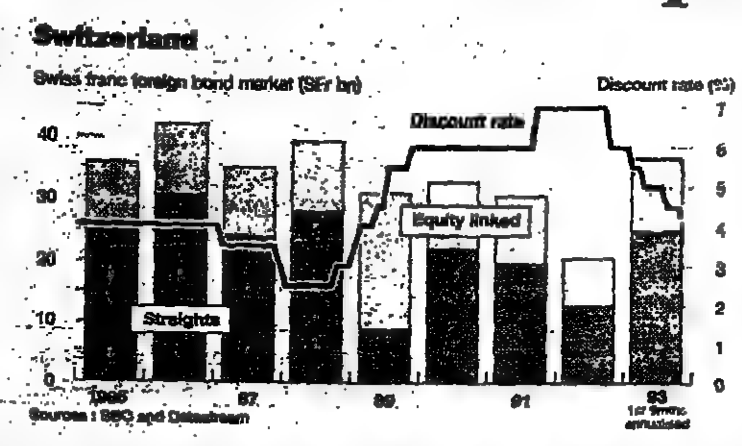
The fall in interest rates and structural changes, including the abolition of stamp tax and the easing of syndicate restrictions, have contributed to the large increase in new issue volume in the Swiss foreign bond market this year.

However, Swiss banks believe easier access for a broader spectrum of issuers is needed to further enhance the market's liquidity and transparency.

In the last few years, the Swiss bond market has become as exclusive as St Moritz because investors have restricted themselves to buying bonds issued by borrowers with high-quality credit ratings or with strong name recognition.

Syndicate managers say investors have adopted this strategy as a reaction to their bad experiences with borrowers with low credit ratings in the mid-1980s.

Last year, 55.50 per cent of foreign straight Swiss franc offerings were issued by borrowers with a triple-A rating, up from just 21 per cent in 1989, according to data from Swiss Bank Corporation (SBC). From January to October 4 this year, 49.1 per cent of issuers had a triple A-rating.



The fall in Swiss interest rates to their lowest levels for five years has produced good profits for investors in Swiss bonds this year. "Swiss bonds carried coupons of 6 per cent to 7 per cent at the start of the year, now the same debt has coupons of 4 per cent to 4½ per cent," says one syndicate manager.

But investors will have difficulty in matching those profits next year if the market consensus that Swiss interest rates are close to the bottom of their cycle turns out to be correct.

Swiss National Bank (SNB) officials said last week that further falls in Swiss interest rates could occur in the months ahead, but they warned that the central bank would not risk reigniting inflationary pressures by easing monetary policy.

Nevertheless, the SNB's expectation that the Swiss year-on-year inflation rate will fall below 3 per cent in November, and fall to 2 per cent by May of next year has reinforced the bond market's view that yields are unlikely to rise again for at least another year.

One way for investors to enhance their returns in a stable to falling interest rate environment would be to buy bonds issued by borrowers with an inferior credit rating.

Syndicate managers say such borrowers would be prepared to pay a good margin over the market yield to secure Swiss franc financing at low interest rates.

There are signs that investors are softening their stance as they search for yield. Bond offerings for Pemex, Mexico's state-owned oil company, and for the National Bank of Hungary, both of which have sub-investment grade ratings, were well received by the market.

Antonia Sharpe

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Maturity	Coupon %	Price	Yield %	Launch spread bp	Book runner
US DOLLARS							
Reliance Industries(a)§	140	Nov.1999	3.50	100	-	-	Morgan Stanley Intl.
Sun Hung Kai Props.Fin.	300	Nov.1998	5.625	99.695R	5.697	+82 (WI 5yr)	Morgan Stanley Intl.
LB Hessen-Thuringen	150	Nov.2008	6.25	99.45R	6.309	+75 (WI 10yr)	Lehman Bros. Intl.
US Air Inc.(g)	75	Sep.1998	8.625#	100R	-	+393 (WI 5yr)	Morgan Stanley Intl.
Fujitec Co.(f)‡	30	Nov.1998	(f)#	100	-	-	Daiwa Bk.Cap.
Kingdom of Sweden(f)‡	1bn	Nov.1998	(f)	99.90R	-	-	Lehman Bros/JP Morgan
Urban Mtg. Bank of Sweden	500	Nov.1998	5.50	99.785R	5.550	+68 (WI 5yr)	Nomura International
Commerzbank Over. Fin.(h)‡	150	Nov.2005	(h)	100R	-	-	Kidder Peabody Intl.
Banque Paribas(j)‡	125	Nov.2005	(j)	99.625R	-	-	Merrill Lynch Intl.
Health Care Prop. Inve.(m)§	87	Nov.2000	6.00#	100	-	-	Merrill Lynch Intl.
Credit Lyonnais(n)‡	50	Sep.2005	(n)	(n)	-	-	Kidder Peabody Intl.
Corp. Industrial Sanluis	75	Nov.1998	9.125#	99.352R	9.290	+450 (WI 5yr)	Samuel Montagu
Trans-Tokyo Bay Highway	200	Nov.2003	5.75	99.425R	5.827	-	IBJ International
Banco Economico(q)‡	90	Nov.1996	(q)#	100R	-	-	Swiss Bank Corp.
Banco Icatu	60	Nov.1996	9.25#	99.56R	9.422	-	Paribas Capital Markets
Jindal Strips(r)§	50	Mar.1999	4.5-5	100	-	-	Kleinwort Benson
Daewoo(s)§	50	Dec.2008	0.25	100	-	-	Barclays de Zoete Wedd
Credit Local de France	200	Nov.1998	5.125	99.76R	5.181	+22 (5¼%-98)	Mitsubishi Finance
Banca Nle del Lavoro HK (A1)‡	75	Nov.2003	(A1)#	99.75R	-	-	BNL/Morgan Stanley Intl.
Commerzbank Over. Fin.(A2)‡	750	Nov.1998	(A2)	99.40R	-	-	Merrill Lynch
Acindar Inds. Argentina(A3)‡	150	Nov.1998	(A3)	100R	-	-	Chase Investment Bank
Dilmun Capital Ltd/Corp(A7)‡	110	Nov.2003	(A7)#	99.25	-	-	Morgan Stanley Intl.
STERLING							
European Investment Bank(x)	400	Aug.1999	6.00	98.261R	-	+1 (6%-1999)	IBJ/SG Warburg
Ford Credit Europe(y)‡	200	Dec.1996	(y)#	99.865R	-	-	Goldman Sachs Intl.
YEN							
F & C Pacific Inv. Trust§(e)	10bn	Nov.2000	3.00	100	-	-	SG Warburg Securities
Leeds Permanent B/S(x)	20bn	Mar.1999	3.50	99.85R	-	-	Daiwa Europe/Fuji Intl.Fin.
Finance for Danish Industry(x)	15bn	Mar.1997	3.00	100.175R	-	-	Daiwa Europe/Fuji Intl.Fin.
Sumitomo Overseas Capital(x)	4bn	Feb.1996	2.70	100.20	-	-	Sumitomo Finance Intl.
Swedish Nat.Housing Fin.(x)	20bn	Feb.1999	3.50	100.05R	-	-	Daiwa Europe
FRENCH FRANCS							
BSN(o)§	914	Jan.2002	3.00	100	-	-	Lazard Freres
St. Gobain Nederland(t)	1bn	Nov.2003	6.50	99.358R	6.590	+66 (6¾%-03)	BNP
European Coal & Steel Com.(t)	900	Nov.2001	5.75	98.76R	5.949	+12 (5½%-01)	CCF
Credit National(t)	3bn	Nov.2004	6.00	98.98R	6.391	+30 (8¼%-04)	Société Générale
SEC(A5)‡	650	Jun.2003	(A4)	104.94R	-	-	Paribas Capital Markets
Eurofima(t)	1.5bn	Nov.1999	5.625	99.53R	5.720	+12 (8½%-99)	Paribas Capital Markets
CANADIAN DOLLARS							
Treas. Corp. of Victoria(p)	250	Nov.2003	7.25	98.25R	7.505	+55 (7½%-03)	Swiss Bank Corp.
Kingdom of Sweden(u)	350	Dec.2008	7.00	97.825R	7.242	+43 (7½%-03)	Hambros Bank
City of Vienna(z)	100	Dec.2000	6.375	98.775R	6.599	+17 (z)	Hambros Bank
Deutsche Bk.Fin.(Curacao)	250	Jan.2001	7.00	99.375R	7.089	+15 (7½%-03)	Deutsche Bank
ITALIAN LIRE							
European Investment Bank	500bn	Nov.1996	7.625	99.58R	7.671	-52(9½%-96)	Banco di Roma/B.S Lux.
GUILDERS							
Nederlandsche Waterschaps.	150	Jan.2009	6.25	99.90R	6.260	-	Int. Nederlanden Bank
ABN Amro Bank	400	Jan.2009	6.25	99.80R	6.270	+22 (6¼Sep07)	ABN Amro Bank
ECUS							
Halifax Building Society	150	Nov.1998	5.875	99.705R	5.945	-	UBS
PESETAS							
European Investment Bank	20bn	Nov.2003	8.125	101.07	7.966	-	Banesto
ESCUDOS							
World Bank(j)	11.6bn	Nov 1998	8.5	100.70	8.323	-25 (12¼%-95)	Bco.Pinantia/Bco Form.
Eurofima	10bn	Dec.2000	8.875	101.00	8.678	-	EPI
SWISS FRANCS							
FP Corporation(b)*Φ	90	Nov.1997	0.375	100	-	-	Daiwa Securities Bank
Nihon Nohyaku(c)*Φ	70	Nov.1997	0.375	100	-	-	Nikko Bank (Switz.)
Heiwado Co.(d)*Φ	200	Nov.1997	0.50	100	-	-	Daiwa Secs.Bank(Switz.)
Sialux(k)*§	125	Mar.2001	1.75#	100	-	-	Nomura Bank (Switz.)
Republic of Finland	300	Dec.2003	4.25	102.75	3.912	-	Credit Suisse
Sogo Co.	300	Nov.1998	4.375	101.00	4.149	-	UBS
Union Bank of SwitzerlandΦ	200	Nov.2003	3.00	100	-	-	UBS
City of Vienna*	120	Jan.2000	4.25	102.50	3.777	-	Swiss Bank Corp.
Steweag	100	Jan.2009	4.375	102.875	4.114	-	Credit Suisse
SAPAR	100	Jan.2004	4.125	102.00	3.880	-	Credit Suisse
Union Bank of Switzerland(A4)Φ	200	Dec.2000	2.75	100	-	-	UBS
LUXEMBOURG FRANCS							
Norddeutsche Landesbank	2.7bn	Nov.2003	7.25	101.90	6.980	-	BGL
BCEE(w)	1bn	Nov.2003	7.00	102.25	6.864	-	BCEE

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. *Private placement. §Convertible. ΦWith equity warrants. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price. a) Callable from 12/11/96, subject to 140% rule, at par or earlier if 80% of the bonds are converted or purchased. b) Denom: SFr50,000 + 50 warrants. Exercise price. Y3,178. FX: 74.28Y/SFr. c) Denom: SFr50,000 + 50 warrants. Exercise price: Y1,128. FX: 74.28Y/SFr. d) Denom: SFr50,000 + 50 warrants. Exercise price: Y2,081. FX: 74.30Y/SFr. e) Conversion price: Rs288. FX: 31.37Rs/$. Putable in Apr. 1989 at 125bp over Treasuries. Callable from 1 Apr 1997 subject to 140% for 2 years. Overallotment option: $15m. Amount increased from $125m. f) Coupon pays 3-month Libor -0.125%. g) Tranche A1 of 3 Tranche issue. Short first coupon. h) Coupon pays 6-month Libor - 0.30%, minimum 5%, maximum 8%. Subordinated issue. j) Coupon pays 6-month Libor + 37.5bp. j) Spread relates to OATs. Fees undisclosed. k) Callable on 31.3.94 at 103½% declining ½% semi-annually. Denom: SFr50,000 + 50 warrants. Conversion price: HK$4.782. FX: 5.223HK$/Sfr. l) Coupon pays 6-month Libor - 0.25%; minimum 5%, maximum 8%. m) Subordinated issue. Issue carries $13m Greenshoe Option. Conversion price $37.806. n) Subordinated issue. Tranche of existing $150m deal. Coupon pays 6-month Libor - 0.25%; minimum 5%, maximum 8%. Issue price variable. o) International tranche of FFr3.5bn deal. p) Spread relates to Canadian Gv. Bond. q) Coupon pays 6-month Libor + 400bp. Minimum coupon 9%. Amount increased from $60m. r) Conversion premium indicated at 5-10%. Short first coupon. 10% overall allotment. Putable in March 1997 at par. Investor hard call protection until 31.3.97 then callable subject to 130% rule. s) Conversion price: Won15,600. FX: 809.4Won/$. Short first coupon. Put option 8.11.98. Call date not until 8.11.94 unless shares 130% of conversion price. t) Spread relates to OATs. u) Amount increased from C$250m. w) Subordinated issue. x) Short first coupon. y) Coupon pays 6-month Libor + 16bp. z) Spread is over interpolated yield curve. A1) Coupon pays pays 6-month Libor - 0.1875%. Minimum interest 5.5%, maximum 9%. A2) Coupon pays 3-month Libor flat. A3) Coupon pays 6-month Libor + 575bp. Putable 91.434% and 12.11.97 at 92.49%. A4) Warrants exercisable in the register shares of Ciba-Geigy. There are 40 warrants per SFr5,000 bond, with 10 warrants needed to buy one Ciba share. A5) Fungible with existing FFr2.35bn deal, coupon pays TME Index + 10bp. A6) Amount increased from Fr300m. A7) Coupon pays 6-month Libor + 0.875%. Callable semi-annually from 15.11.96. Note: Yields are calculated on ISMA basis.

RISK AND REWARD

CFTC stalls over regulation until reinforcements arrive

ANOTHER authoritative study on off-exchange derivatives was released last week. Its primary finding, that no new regulation is needed for the multi-faceted financial instruments, echoed the conclusions of a similar study by derivatives dealers and issued last summer by the Group of 30, the Washington-based think tank.

Issued barely a week after a Bundesbank warning that expanding use of derivatives and their global linkages threaten the stability of world financial markets, the Commodity Futures Trading Commission study was noted for its endorsement of the status quo.

The CFTC regulates exchange-traded futures and options in the US. The agency's responsibilities evolved with the rapid growth of financial derivatives. Its budget, and its stature in Washington and on Wall Street failed to follow apace.

The CFTC's summary of OTC derivatives regulation was not expected to be controversial, given that any recommendations for regulatory restructuring could have again pushed the agency into a fight for its regulatory life. It undertook the study only at the behest of Congress. But the CFTC has made a solid contribution to the derivatives debate.

It said current regulatory structures were adequate. But the agency reported that its study was hampered by the lack of information on OTC markets – a remarkable statement by a body backed by the US government. "Data generally are available only for broad categories of derivatives products and market participants. The most extensive data pertain to interest rate and currency swaps and to dealers and broad categories of end users," the report said. "Very little information exists on the extent of activity in OTC equity options and swaps and commodity swaps or by non-depository financial institutions such as pension funds and investment companies."

Later, the agency revealed that the data it used for the most broadly-reported vehicles swaps comes directly from the International Swaps and Derivatives Association, whose membership reports swaps turnover voluntarily and whose data lack independent confirmation.

The study bemoaned the difficulties posed by variations of regulatory treatments across borders and across participants.

Finally, the CFTC said the recent rash of separately capitalised subsidiaries created as swaps trading vehicles by non-bank securities dealers lacked any regulatory oversight. In short, the study's findings fail to back its conclusion.

The CFTC's fumbling attempts to get its arms around the OTC market demonstrate that derivatives regulation is in sad need of realignment. For a start, comprehensive and reliable data reporting is needed. Meanwhile, the CFTC has deferred decision on one the US's most significant derivatives issues in five decades until it receives political reinforcements.

The CFTC has jurisdiction over exchange-traded markets of the same trillion-dollar size and steep growth curve as OTC derivatives. The on- and off-exchange derivatives markets share many of the same participants and are used largely for the same purpose-risk transfer.

Exchanges contend that because they have more onerous reporting requirements and are more closely regulated, they lose competitive edge to their off-exchange cousins.

Having watched the CFTC grant regulatory exemptions to a swathe of OTC energy and financial derivatives this year, the world's two biggest futures exchange are asking for similar treatment. If their petitions for regulatory exemptions for their biggest players, professional traders, in the Chicago Board of Trade's lexicon, are accepted it is hard to calculate the effect.

Recognising that the issue could attract the wrath of Congress and that its is undermanned, the CFTC is stalling.

After declaring an unusually long comment period on the petitions in August, the agency recently extended the comment deadline to December 15. Reinforcements, in the form of long-awaited appointments of a CFTC chairman and two of four commissioners, are expected within days.

Laurie Morse

DOING BUSINESS IN RUSSIA?

Save time, effort and money at the start

All foreign companies wishing to conduct business in Russia need to register there. In Moscow, registration is handled by the Moscow Registration Chamber. Fortunately, this process can be relatively quick and easy, thanks to Financial Izvestia which is now offering the Moscow Registration Chamber's own Guide to Registering Companies in Moscow. Written in English and in collaboration with the international law firm, Salans Hertzfeld & Heilbronn, this invaluable Guide

- Enables you to select the most suitable legal structure for an enterprise
- Supplies checklists so you avoid common mistakes when registering
- Provides sample registration forms and letters to obtain the relevant authorisations
- Lists addresses and contact details of key agencies in Moscow

Much of this information is simply unavailable elsewhere and will be of real practical everyday use to anyone intending to do business in Russia, as well as legal, financial, accounting and other advisors.

The Guide to Registering Companies in Moscow is available exclusively from Financial Izvestia — to order your copy, see below.

FINANCIAL IZVESTIA

Financial Izvestia is a weekly business newspaper, produced by the Financial Times in partnership with Izvestia, Russia's leading quality daily.

Published for Financial Izvestia by FT Business Enterprises Ltd. Registered Office: Number One Southwark Bridge, London SE1 9HL. Registered in England No. 980896.

REGISTERING COMPANIES IN MOSCOW

Please return to (mail order only): FT Customer Services, PO Box 6, Camborne TR14 9EQ, UK
Tel: +44 (0) 209 612493
Fax: +44 (0) 209 612811
Sales enquiries +44 (0) 209 711928
Editorial and Marketing enquiries +44 (0) 71 799 2002

NAME TITLE
COMPANY
ADDRESS
POSTCODE COUNTRY

Office Use Only	Title	Qty	UK Price	Overseas Price
RCM93	Registering Companies in Moscow ISBN 1 85334 069 3		£80	£90/US$135

PAYMENT Please note that payment must accompany order. Price includes p & p.
Please tick as required:
☐ I enclose my cheque to the value of £/US$ ______ made payable to FT Business Information, drawn on a UK bank
☐ Please debit my credit card ☐ ☐ VISA ☐
Card Number
CARD EXPIRY DATE
SIGNATURE DATE
Companies in EC member states (excluding the UK) must supply VAT identifying number (TVA/BTW/MOMS/MWST/IVA/FPA):
Please allow 28 days for delivery. Refunds are given on guides returned in resaleable condition and within 7 days of receipt. The information you provide will be held by us and may be used to keep you informed of FT products and may be used by other selected quality companies for mailing list purposes.

INTERNATIONAL BusinessWeek

This week's topics:

GE Is Betting on Asia and Mexico
Germany Is On A Roll-Downhill
Strike Fever Hits Europe
Seattle Is Riding The Orient Express
Japan: Companies Slash Bonuses And Pay

(For subscriptions: From UK call 0628 - 23431)

Now available at your newsstand!

BusinessWeek International
14, av d'Ouchy, CH-1006 Lausanne Tel. 41-21-617-4411
For subscriptions call UK 44-628-23431 Hong Kong 852-523-2939

ECU Terminvest PLC
29 Chesham Place
Belgravia
London SW1X 8HL
Member SFA
FUTURES & OPTIONS BROKERS
$32 ROUND TRIP
EXECUTION ONLY INTRODUCTORY OFFER

DO YOU WANT TO KNOW A SECRET?

The I.D.S. Gann Seminar will show you how the markets REALLY work. The amazing trading techniques of the legendary W.D. Gann can increase your profits and contain your losses. How? That's the secret. Ring 081 474 0080 to book your FREE place.

ARTIFICIAL INTELLIGENCE IN FUTURES TRADING
"INTELLIGENT TECHNICAL SYSTEMS"
LEADING CONSULTANTS
TEL: 0474-594 335 FAX: 0787-228384

The Financial Times plans to publish a Survey on

International Legal Services

on Thursday December 2.

It will examine the challenges which the new global economy has created for law firms, and its implications for the international business community.

The Survey will be seen by nearly a quarter of all senior business people throughout Europe who are involved in appointing outside legal advisers for their company.*

For an editorial synopsis and information on advertising opportunities please contact:
Daisy Veerasingham on 071-873 3746

* Source: European Business Readership Survey 1993

FT Surveys

All of these Shares have been sold. This announcement appears as a matter of record only.

RIGHTS ISSUE OCTOBER 29, 1993

Skandinaviska Enskilda Banken

SEK 5,269,193,280

Rights Offering of Class A Shares and Class C Shares

The undersigned acted as financial advisors to Skandinaviska Enskilda Banken in this transaction.

Enskilda Corporate
Skandinaviska Enskilda Banken

MORGAN STANLEY INTERNATIONAL

THE WEEK AHEAD

ECONOMICS

UK inflation again under scrutiny

THE Bank of England Quarterly Bulletin is produced tomorrow. Its inflation report will be of particular interest following signs from official data that price rises are gradually gathering pace.

But the Bank, which has taken a fairly relaxed view of inflationary pressures in the economy over the past few months, is unlikely to alter radically its stance in tomorrow's report.

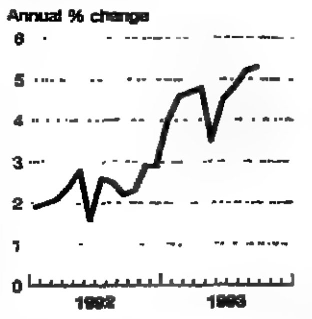
Figures for narrow money come out on the same day. Economists believe the year-on-year rate will rise again, to stay well above the government's 0-4 per cent monitoring range and lending weight to evidence that consumers are the driving force behind the recovery.

This is a heavy week for German statistics with industrial production and employment figures due towards the end of the week. Provisional figures for industrial production in August showed a larger than expected rise of 2.1 per cent on the month, following July's 0.8 per cent fall. Many economists expect to see a downwards revision to the August figure, and the median forecast for September is a drop of 0.5 per cent on the month.

In the US, the focus will be on non-farm payrolls at the end of the week. They should have increased by 160,000 according to the median forecast, following September's 156,000 rise. In the third quarter, the average rise was 117,000 per month, but all the gains occurred in the service sector. Higher paying manufacturing jobs were lost at a rate of 26,000 per month and are expected to suffer further.

UK money supply M0

Annual % change



Source: Datastream

The following are the rest of the week's economic highlights and events. The figures in brackets are the median of economists' forecasts from MMS International, the financial information company.

Today: Spain, Portugal, Belgium, Luxembourg, Austria France and Italy, All Saints Day – markets closed.
US, October NAPM Index (51.8); September construction spending.
Australia, September current account, building approvals.
Belgium, Maastricht Treaty comes into force.
Taiwan, markets closed.

Tomorrow: US, September leading indicators (up 0.4 per cent), new home sales (650,000); Johnson Redbook week ended October 30.
Germany, Franco-German convergence plan unveiled in Berlin.
UK, Bank of England quarterly bulletin. October official reserves (up $50m); UK, October M0 (up 0.4 per cent on month, up 5.5 per cent on year).

Wednesday: US, Fed releases Tan book for November 16 FOMC meeting; September home compilations; car sales October 21-31 (7.1m units), truck sales October 21-31 (5.2m units).
Japan, National holiday - markets closed.
Germany, Bundesbank repo results announced in Frankfurt; speech by Schulmann, Bundesbank Council Member in Frankfurt.
Canada, October foreign reserves, help wanted index (85).
Australia, September retail trade.

Thursday: US, initial claims week ending October 30 (347,000); state benefits week ending October 23; September factory orders (up 0.5 per cent), factory inventories; Q3 preliminary productivity; money supply data for week ended October 25.
Germany, Bundesbank council meeting in Frankfurt.

Friday: US, October non-farm payrolls (up 160,000), manufacturing payrolls (down 5,000), hourly earnings (up 0.2 per cent), average work-week, unemployment rate (6.7 per cent).
Germany, October unemployment – west (up 35,000); September employment (down 41,000), October vacancies – west (down 11,000); Chancellor Kohl delivers a speech on economic policy in the Bundesrat.
France, Q2 industrial production.
Canada, October employment rate (up 0.1 per cent on month), October unemployment rate (11.4 per cent).

During the week: Japan, September current account ($12.7bn surplus), trade balance, foreign bond investment.
Germany, September industrial production (down 0.5 per cent on month), manufacturing output (down 0.5 per cent on month), manufacturing orders (up 0.6 per cent on month); August trade balance (DM2.9bn surplus), current account (DM5.6bn deficit); October, final cost of living.

Emma Tucker

RESULTS DUE

SEVERAL of the UK's largest retailers will be reporting interim results this week.

The UK's two most profitable retailers, Marks and Spencer and J Sainsbury, report on Wednesday, and both are expected to show a healthy increase in pre-tax profits. M and S is forecast to lift pre-tax profits from £257.1m last year to between £285m and £295m. But its shares have already risen substantially in expectation of good figures and analysts say any hint of weakness, especially on the food side, could be seized on by the City as an excuse to sell.

Sainsbury is expected to see interim pre-tax profits increase from £391.1m to £435m. But analysts are more interested in what the company might say about the changing face of the UK food market in the midst of rumours that Sainsbury is about to launch a price war, and after the admission by Tesco in September that it was investing some gross margin in lower prices.

On Thursday it is the turn of Boots, which is likely to report increased interim pre-tax profits from £185m last time to about £210m this time, after exceptional items relating to the sale of French subsidiary Sephora and the withdrawal of the Manoplax heart drug by Boots Pharmaceuticals.

Discussion is again expected to centre on the performance of the Do It All DIY chain and the future of the pharmaceuticals division, but analysts are not expecting any significant news.

BAT Industries, the tobacco and financial services group, is expected on Wednesday to report an increase of about 25 per cent in pre-tax profits for the first nine months of the year. Forecasts range from £1.31bn to £1.38bn. Tobacco earnings will again feel the effects of the US cigarette price war but the group should benefit from more favourable exchange rates. Analysts expect further progress from Eagle Star, the general insurance subsidiary, despite continuing losses on mortgage insurance. Growth may be slower at Farmers Group, the US subsidiary.

British Petroleum, reporting third quarter results on Thursday, has enjoyed a marked upgrading of its fortunes in recent weeks. Although oil prices have fallen some $2 a barrel since the second quarter, UK petroleum revenue tax has been cut to 50 per cent from 75 per cent and downstream operations have turned in stronger performances. Profits of at least £175m (£117m) are expected net of stock gains of around £100m.

UK COMPANIES

TODAY
COMPANY MEETINGS:
Harmony Leisure, International Hotel, Marsh Wall, E., 11.00
BOARD MEETINGS:
Finals:
Finsbury Growth Tst.
Foreign & Colonial PEP Inv. Tst.
Morgan Grenfell Equity Inc. Tst.
Interims:
PEX Grp.

TOMORROW
COMPANY MEETINGS:
Bryant Grp., Cranmore House, Cranmore Boulevard, Solihull, W. Midlands, 12.15
London & Metropolitan, 70, Fenchurch Street, E.C., 11.00
Trafford Park Estates, United Trading Estate, United Road, Old Trafford, Manchester, 12.00
BOARD MEETINGS:
Finals:
Amber Day
Keystone Inv.
Interims:
BDA Hldgs.
Casket
Celsis Int.
Finsbury Tst.
Powerscreen Int.
Rexmore
Smith (James) Estates

WEDNESDAY NOVEMBER 3
COMPANY MEETINGS:
Betacom, Unit 1, Ponders End Industrial Estate, Duck Lees Lane, Enfield, 11.00
Community Hospitals, The Brewery, Chiswell Street, E.C., 12.00
PizzaExpress, 90-91, Wood Street, E.C., 10.00
BOARD MEETINGS:
Finals:
Bellway
Greenwich Comms.
Scottish Metropolitan Property
Interims:
German Inv. Tst.
German Smaller Co's Inv. Tst.
Hambro Insurance Services
Marks & Spencer
Oceana Cons.
Sainsbury (J)

THURSDAY NOVEMBER 4
COMPANY MEETINGS:
Lyles (S), Forte Crest Hotel, Clifton Village, Brighouse, 12.00
Sirdar, Cedar Court Hotel, Wakefield, 12.00
Usher (Frank), Waverley House, 7-12, Noel Street, W., 11.30
Waterman Partnership, Apothecaries Hall, Blackfriars Lane, E.C., 12.00
BOARD MEETINGS:
Finals:
Euromoney Publications
Low (Wm)
MMT Computing
[illegible]
Interims:
Boots
Westbury

FRIDAY NOVEMBER 5
COMPANY MEETINGS:
Fortnum & Mason, 181, Piccadilly, W., 10.30
Ricardo Grp., Royal Aeronautical Society, Hamilton Place, W., 12.00
BOARD MEETINGS:
Finals:
Gartmore European Inv.
Goodhead Grp.
Interims:
Adam & Harvey
[illegible]
Burtonwood Brewery
Capital Gearing Tst.
Cook (William)
Prowting

Company meetings are annual general meetings unless otherwise stated.
Please note: Reports and accounts are not normally available until approximately six weeks after the board meeting to approve the preliminary results.

DIVIDEND & INTEREST PAYMENTS

TODAY
AMEC Cm. Rd. Pf. 3.25p
APV 3.15% Cm. Pf. 1.575p
Do. 4.55% Cm. Pf. 2.275p
Do. 5¼% Cm. Pf. 2.625p
Abtrust Pf. Inc. Inv. Inc. 2.00625p
Am.T & T $0.33
Ameritech $0.92
Anglo Am. Ind. 5¾% Cm. 1st Pf. R0.05825
[illegible]
Lewis (J) Props. 8¼% Mtg. Db. 93/98 £4.125
Lincoln National $0.38
Lloyds Chem. Rd. Cv. Pfg. Pf. '05 3.75p
Londonderry Port & Harbour 3½% Cons. £1.75
Malaysia 9½% Bd. 1996 $475.0
Marks & Spencer 10% Cm. Pf. 3.5p
Marshalls 10% Cm. Pf. 5p
Merchants Tst. 4% Perp. Db. £2.0
[illegible]
Camellia 13p
Export-Import Bank Japan 9% Gtd. Bd. '96
Eco90.0
Flotex 0.75p
Foreign & Colonial Pacific Inv. Tst. 0.8p
Greenby 3.3p
Howlin 1.5p
[illegible]
Coats Viyella 3.25p
Credit National 13⅞% Gtd. Nts. '93 £57.50
Dewsongroup 1.5p
Delta 10¾% Db. 1995/99 £5.375
Edinburgh Fd. Mngrs. 6p
Headway 0.7p
Int. Inv. Tst. Co. of Jersey 6p
Introm Justite 1.1p
[illegible]
King & Shaxson 6% Cm. Pf. 1.75p
Kwik-Fit 1.5p
Laing (J) 6.4% Cv. Pf. 2.47p
Lamont 6% Cm. Pf. 1.05p
Do. 5.6% 2nd Pf. 2.8p
Do. 10% 3rd Cm. Pf. 5p
Lasmo Oil Prod. Units 5.7103p
[illegible]
US West $0.535
Whitbread 4½% 1st Cm. Pf. 1.575p
Do. 6% 3rd Cm. Pf. 2.1p
Do. 7% 3rd Cm. Pf. 2.45p
TOMORROW
[illegible] 0.25p
[illegible]
AWW 3p
Appleyard 2.6p
Baynes (Charles) 0.575p
Bertola 0.6p
Black (A & C) 4.25p
Cadbury Schweppes 8¾% Un. Ln. 94/04 £4.125
SUNDAY NOVEMBER 7
BBA 10% Db. 1989/94 £5.0
Bristol & West Bldg. Scty 13⅝% Perm. Int. Brg. £68.875
British Petroleum 2.1p

PARLIAMENTARY DIARY

TODAY
Commons: Questions to Welsh ministers, Church Commissioners and Lord Chancellor's Department. Railways Bill, Lords amendments.
Lords: Not sitting.

TOMORROW
Commons: Education questions. Questions to the Prime Minister. Railways Bill, Lords amendments.
Lords: Priests (Ordination of Women) Measure. Ordination of Women (Financial Provisions) Measure.
Select Committees. Social security: the operation of the child support agency, 10.30am. Room 15.
Treasury and civil service: role of the Bank of England, 11.00am. Room 8.
Employment: future of trade unions, 4.15pm. Room 15.

WEDNESDAY
Commons: Foreign Office questions. Cardiff Bay Barrage Bill, timetable motion and Lords amendments. Crofters (Scotland) Bill, all stages. Scottish Land Court Bill, all stages. Health Service Commissioners Bill, all stages. Probation Service Bill, all stages. Pension Schemes Bill, all stages. Pension Schemes (Northern Ireland) Bill, all stages. Statute Law (Repeals) Bill, all stages. Football Spectators (Designation of Football Matches in England and Wales) Order. Safety of Sports Grounds (Designation) Order. Football Spectators Act (Commencement) Order. Debate on MPs' pay. Ministerial and Other Salaries Order.
Lords: Railways Bill, Commons amendments.
Select Committees. Environment: local government review, 10.00am. Room 8.
Foreign affairs: subject to be confirmed, 10.30am. Room 17.
Welsh affairs: forestry and woodlands, 10.30am. Room 18.
Defence: reductions in service numbers, 10.50am. Room 16.
Home affairs: the Sheehy report, 11.00am. Room 15.
Social security: operation of the child support agency, 3.15pm. Room 8.
Public accounts: award of the contract for the landing platform for helicopters, 4.15pm. Room 16.
Treasury and civil service: role of the Bank of England, 4.15pm. Room 6.
Home affairs: the Sheehy report, 4.45pm. Room 15.

THURSDAY
Commons: Treasury questions. Questions to the Prime Minister. Debate on parliamentary pension contributions. Debate on report on parliamentary questions. Debate on cash assistance to Opposition parties.
Lords: European Economic Area Bill, Commons amendments. Roads (Northern Ireland) Order. Environment and Safety Information (Northern Ireland) Order.

FRIDAY
Commons and Lords: 9.30am Prorogation of Parliament ending the session.

FT CONFERENCES

AFTER THE RECESSION - WORLD COMMERCIAL AVIATION AT THE CROSSROADS
Dubai, 8, 9 & 10 November
Timed to coincide with the Dubai International Aerospace Exhibition, the conference will examine in depth the political, economic and structural changes which the commercial aviation industry is now facing and which will influence corporate policy and planning in the years ahead. Speakers include: H.H. Sheikh Ahmed Bin Saeed Al Maktoum, President of the Dubai Department of Civil Aviation, Tan Sri Zain Azraai, Chairman of Malaysia Airlines, Mr Pieter Bouw, President of KLM Royal Dutch Airlines, Mr Colm Barrington, Assistant Chief Executive, GPA Group plc, and Dr William Fromme, Director, Air Navigation Bureau, International Civil Aviation Organisation.

WORLD ELECTRICITY
London, 10 & 11 November
This year's FT/Power in Europe conference brings together speakers from Europe, the USA, Latin America, South Africa and China to debate how the electricity industry is responding to a more competitive environment. Speakers include: Mr Nicholas Argyris, Commission of the European Communities; Dipl. -Ing. Ludwig Strauss, Bayernwerk AG; Professor Jan Popczyk, Polish Grid Company; Dr Mary D Archer, National Energy Foundation; Mr Gianfranco Castelli, ENEL SpA and Mr Robert J Saunders, The World Bank.

THE ECONOMICS OF RAIL PRIVATISATION - OPPORTUNITIES FOR THE PRIVATE SECTOR
London, 25 November
This high-level one-day conference will examine the opportunities - and pitfalls - in passenger service franchising, the new leasing market in railway rolling stock and the management of track infrastructure. Speakers include: The Rt Hon Roger Freeman MP, Minister for Public Transport; John Swift QC, Rail Regulator Designate; Roger Salmon, Franchising Director Designate and Robert Horton of Railtrack.

THE PETROCHEMICAL INDUSTRY
- Global Prospects Beyond the Recession.
London, 22 & 23 November
The current challenges facing petrochemical producers and the longer term outlook for the industry will be reviewed, with papers on pricing, restructuring, corporate governance and competition issues. Speakers include: Mr Robert D Kennedy, Union Carbide Corporation, Mr Clive H Thompson, ARCO Chemical Europe, Inc; Dr Albert D Richards, Credit Suisse First Boston; Mr Makoto Takeda, Martech, Inc. Dr Nafi Amin Atalla, Gulf Organisation for Industrial Consulting; Mr Andrew Reynolds, Applied Market Information Ltd and Mr Edward A Wilson, Dow Europe SA.

VENTURE FORUM EUROPE '93
London, 29 November - 1 December
Arranged jointly by the Financial Times and Venture Economics, the Forum brings together industry experts from Europe and the USA to discuss the issues and opportunities affecting the European venture capital community. The Forum will include sessions on new approaches to fund raising; buyouts; the outlook for technology investing in Europe and future forecasts.

DOING BUSINESS WITH SPAIN
- The Economic Challenge of the New Government.
Madrid, 1 & 2 December
The FT's annual conference, arranged with Expansión and Actualidad Económica, will review the economic, budget and labour policies of the new Spanish Government as well as important questions on Europe's future and the conditions for monetary and political union. The distinguished panel of speakers include: D. Pedro Solbes Mira, the Spanish Minister of Economy & Finance, Prof Dr Otmar Issing, Member of the Board, Deutsche Bundesbank, D. José Antonio Griñán Martinez, the Spanish Minister of Labour & Social Security, and D. Luis Angel Rojo, Governor of the Bank of Spain.

WORLD TELECOMMUNICATIONS
London, 7 & 8 December
The conference debate will focus on the trends changing the shape of the world telecommunications industry, with particular emphasis on regulation and the methods, challenges and obstacles of privatisation. Speakers include: Mr Don Cruickshank, Director General of OFTEL, Mr James H Quello, Chairman of the Federal Communications Commission, Mr Marc Dandelot, Conseiller d'Etat, French Ministry of Posts and Telecommunications, Mr Pál Horváth, Director General of the Hungarian Telecommunications Company and Mr Bessel Kok, Chief Executive Officer of Belgacom.

PENSIONS - A Time for Change
London, 7 & 8 December
Following the publication of the Goode Committee's Report, the conference will discuss key issues of concern to pension fund administrators and their advisers and examine investment strategies in a climate of low inflation. Mr William Hague MP, Department of Social Security will give the opening address and speakers include: Mr Tom Ross, Clay & Partners; Mr Brian Matthews, ESN Pension Management Group; Mr Hugh Stevenson, Mercury Asset Management Group plc; Mr Ron Spill, Legal & General Assurance Society Limited and Mr Rodney Dennis, Prudential Portfolio Managers Limited.

THE OUTLOOK FOR NATURAL GAS IN THE 1990s AND BEYOND
Vienna, 13 & 14 December
This topical meeting will consider developments in key markets, evaluate supply and demand, and examine the financing of gas projects. Speakers include: Mr Richard C Green, Jr, UtiliCorp united Inc; Mr H John Hawkshaw, BP Exploration Operating Company Limited, Mr Cedric H Brown, British Gas plc; Mr Herbert Detharding, Wintershall AG; Mr Djamel Merad, Sonatrach and Mr Reza Rostami Sani, National Iranian Gas Company (NIGC).

All enquiries should be addressed to : Financial Times Conference Organisation, 102-108 Clerkenwell Road, London EC1M 5SA. Tel: 071 814 9770 (24 hour answering service) Telex: 27347 FTCONF G Fax 071 873 3975/3969

CONFERENCES & EXHIBITIONS

NOVEMBER 4
Goode Committee Report
Professor Roy Goode (Chairman), William Hague MP (Keynote Address) and leading pensions experts will discuss future role of trustees/actuaries/pensions ombudsman; surpluses - who owns them?; employer responsibilities; compensation scheme following the Goode Committee Report. Few places remaining.
Telephone Charlotte Thornton
071 637 4383 or Fax 071 631 3214
LONDON

NOVEMBER 5
The Future of Nuclear Power in the UK
A one-day technology forum to be held at the IEE for engineers, environmentalists, financiers and all those who want to understand the key issues underlying the forthcoming Government Review of UK Nuclear Policy.
Cost: £150 (members) £200 (non-members)
Contact: Jane Chopping
Tel: 071 344 5468 Fax: 071 497 3633
LONDON

NOVEMBER 8
Successful Outsourcing: The Challenge for I.T.
This one-day conference is specifically designed to help senior I.T. and business managers assess the potential value of outsourcing to their organisations and to identify the factors that contribute to the successful selection and management of such arrangements.
Contact: Business Intelligence
Tel: 081-544 1830
Fax: 081-544 9020
LONDON

NOVEMBER 9-11
TCS&D 93
...the Temperature Controlled Storage and Distribution Exhibition and Conference. Greater Manchester Exhibition Centre (G-MEX), Manchester.
For free exhibition admission tickets contact Lorraine Rogers, FMJ International Publications Ltd.
Tel: (0737) 768611.
Fax: (0737) 761685.
MANCHESTER

NOVEMBER 16 & 17
World Electricity
The aim of the meeting, the seventh in an annual series, is to provide a high-level forum to discuss issues of concern to electricity utilities and review developments in a number of key markets.
Enquiries: Financial Times
Tel: 071-814 9770
Fax: 071-873 3975/3969
LONDON

NOVEMBER 16-17
BPR 93:
The 1st annual conference and exhibition on Business Process Re-engineering
Conference outlining the opps presented by taking a process view of your business. Senior reps from leading companies in the US & UK outline how business re-engineering has enabled them to achieve major improvements in corporate performance.
Contact: Business Intelligence
Tel: 081-544 1830 Fax: 081-544 9020
LONDON

NOVEMBER 16-17
Treasury Management Conference
DAY ONE - DEALS OF 1993. Seven of the UK's largest transactions analysed by the practitioners. DAY TWO - CHANGES IN TREASURY. Accounting changes, cash management, risk management, funding and US/UK & EC tax implementations. Places strictly limited. Contact: Dawn Huggins, The Association of Corporate Treasurers
Tel: 071 353 2443
LONDON

NOVEMBER 18
Achieving Superior Corporate Performance with I.T.
An Exclusive Seminar with Paul A Strassmann. A day with one of the world's most sought-after experts on I.T. investment and strategy. You will discover how to formulate, structure and gain acceptance for policies which contribute to the achievement of corporate objectives.
Contact: Business Intelligence
Tel: 081-544 1830 Fax: 081-544 9020
LONDON

NOVEMBER 22
Taxation of Financial Instruments
All you need to know about the Taxation of Financial Instrument For Managing Interest Rate and Currency Risks - under discussion will be the 1993 Draft Legislation - the new foreign exchange rules - transitional and anti-avoidance rules - the capital market's view of the sweeping changes.
CONTACT: Evie Kinane, IBC Legal Studies and Services Limited.
Tel: 071-637 4383 Fax: 071-631 3214
LONDON

NOVEMBER 22 & 23
The Fifth FT Petrochemicals Conference
The aim of this year's meeting is to provide a high-level forum to discuss the challenges currently facing the petrochemical industry and examine developments in key markets.
Enquiries: Financial Times
Tel: 071-814 9770 Fax: 071-873 3975/3969
LONDON

NOVEMBER 23
International Mobility: Managing Pension Scheme Benefits
For companies relocating staff within Europe and worldwide, this conference will help employers to develop effective pension strategies. It will also examine the tax and social security implications crucial to the pensions package.
Contact: Natalie Munden, CBI
Tel: 071 379 7400
LONDON

NOVEMBER 23
World Class Business Process Re-Engineering
Turn Theory into Practise.
This practical one-day workshop is a must for all people who wish to learn how to implement Business Process Re-Engineering in there company.
World Class International Ltd
Tel: 0705 268133 Fax: 0705 268160
LONDON

NOVEMBER 23
Europe in Focus: Planning for Business Success in an Unsettled Continent
A Henley Centre Conference
This conference is designed to help companies address central organisational and marketing issues in a troubled, post-Maastricht Europe. A Henley Centre guide to strategy-optimisation.
Tel: 071 353 9961 (Siamack Salari)
LONDON

NOVEMBER 23-25
Light Rail '93
The International Conference and Exhibition on Electrifying Urban Public Transport. Included in the event will be the latest in electric technology and electric vehicle technology developments.
Enquiries: Stan Ankrett - Centre Exhibitions Tel: 021 780 4141 (Ext 2680)
BIRMINGHAM

NOVEMBER 25
New Roles for the City of London into the 21st Century
A one-day conference on the opportunities for the City of London to take a more pro-active role in both economic and cultural arenas within the single European market.
Contact: Jo Mainee, The Strategic Planning Society Tel: 071 636 7737 Fax: 071 323 1692
LONDON

NOVEMBER 30 - 2 DECEMBER
TRANSFORM - The Systematic Approach to Managing Change
This new course, developed by Robert Gilbreath, world leader in change management, is aimed at executives who realise that success today is dependent on having practical methods and techniques for leading change.
Proudfoot Change Management
Tel: 081 948 8333 Fax: 081 940 8293
LONDON

DECEMBER 1-2
Successful Strategies for Change
This intensive conference begins with dinner on the 1st with Sir John Harvey-Jones MBE as the guest after dinner speaker. On 2nd December delegates will hear from top speakers who have successfully introduced and managed organisational change themselves. Contact Suzanne Jesse, Pelitas, 0753 851483
WINDSOR

DECEMBER 1 & 2
Doing Business with Spain
The aim of the conferences is to provide a forum to discuss key issues of current concern to pension fund administrators and their advisors, review the implications for the industry of the Goode Committee's Report and examine investment strategies in a climate of low inflation.
Enquiries: Financial Times
Tel: 071 814 9770
Fax: 071 873 3975/3969
LONDON

DECEMBER 3
Flexible Benefits
Under discussion will be the theory and practice of setting-up a flexible benefits package as well as the technical issues such as the tax and legal considerations. These will then be illustrated using the experience of the Midland Bank, one of the first UK organisations to take advantage of this new concept.
CONTACT: Evie Kinane, IBC Legal Studies and Services Limited.
Tel: 071-637 4383 Fax: 071-631 3214
LONDON

DECEMBER 3
Service Level Agreements
An intensive one day seminar which will teach you all you need to know to ensure the smooth implementation of SLA's within your organisation. Includes an SLA checklist and presentation of "live" case studies.
Contact: Peter Barnes,
The Infomatics Resource Centre
Tel: 081 871 2546
LONDON

DECEMBER 3
Television from the Regions - The First National Conference
Michael Grade, (Chief Executive Channel Four), opens this debate on the economic and cultural implications of regional broadcasting policy. Chair: Stuart Cosgrove. Speakers include Tom Gutteridge, Andrew Quinn and John Willis. Fee £40. Contact: David Thodey, Centre for Media, Performance and Communications. University College Salford. 061-834 6633.
MANCHESTER

DECEMBER 6-7
Understanding and Implementing Electronic Mail and EDI
This seminar will provide delegates with a clear appreciation of the products available, a business rationale for their implementation and guidelines for their integration into the current business practices of your organisation.
Contact: Peter Barnes, The Infomatics Resource Centre, Tel: 081 871 2546
LONDON

DECEMBER 6 & 7
Emerging Structures in Energy Industries
Convened by the RIIA, The British Institute of Energy Economics and the International Assoc for Energy Economics. *Sponsored by Coopers & Lybrand, Texaco, and the International Petroleum Exchange.* Held at Chatham House. Enquiries: RIIA Conferences, The Royal Institute of International Affairs, Chatham House, 10 St James's Square, SW1Y 4LE.
Tel: 071 957 5700 Fax: 071 957 5710
LONDON

DECEMBER 8 & 9
Product Liability Seminar
Protect your company/client from litigation in the USA. One day seminars on Product Liability by leading US Attorney plus a representative from the Institute of Safety Analysis.
For further details phone Linda Nash on:
Tel: 071 323 2722
LONDON/MANCHESTER

DECEMBER 7
Tax Treaties
This conference will explain the latest developments concerning treaties and what strategic planning opportunities they provide. Bruce Lassman will examine the US/Netherlands Treaty which is expected to be ratified this year. Other issues incl: news from the OECD on the model tax convention, recent UK treaties and treaty interpretation. Contact: Vicki Goffin, IBC Legal Studies and Services Ltd.
Tel: 071 637 4383 Fax: 071 631 3214
LONDON

DECEMBER 7 & 8
Second City of London Central Banking Conference
Chris Stals, Jan Plenderleith, Phillipe Moutot, Manuel Guitian, Rei Masunaga, Robert Guy and Rachel Lomax contribute to this the second Cityforum and Central Banking conference supported by the World Gold Council.
Information from: Marc Lee
Tel: 0225-466744 Fax: 0225-442903
LONDON

DECEMBER 7-8
European Distressed Debt Seminar
Experts at the forefront of this innovative market will discuss: Developments and Opportunities in Trading Bank Debt; Corporate Restructuring in Europe; Legal Issues and Solutions; Provisioning and Valuation of Distressed Loans; Borrowers' and Investors' Position.
Contact: Karen Broe Pedersen, Euromoney
Tel: 071 779 8831 Fax: 071 779 8835
LONDON

DECEMBER 7 & 8
Pensions - 'A Time for Change'
The aim of the conference is to provide a forum to discuss key issues of current concern to pensions fund administrators and their advisors, review the implications for the industry of the Goode Committee's Report and examine investment strategies in a climate of low inflation.
Enquiries: Financial Times
Tel: 071 814 9770
Fax: 071 873 3975/3969
LONDON

DECEMBER 9
Know Your Performance Essentials of Benchmarking
A practical one day seminar/workshop from the UK's No 1 specialists. Practical case exercises, successful case studies.
Contact Patricia Donnard,
EMP Intelligence Service,
Tel: 071-487 5665 Fax: 071-935 1640
LONDON

DECEMBER 13 -17
The JIT/KAIZEN Workshop
See how to improve quality, boost productivity by up to 50%, by implementing KAIZEN in a 'live' factory. 5 days' intensive hands-on experience for senior managers in world-beating production techniques. "Excellent value" (Aeroquip Ltd).
Contact: Paul Hancock,
Kaizen Institute of Europe.
Tel: 071-713 0407 Fax: 071-713 0403
BEDFORDSHIRE

DECEMBER 15
London School of Economics
The London School of Economics is running a one-day course on 15 December 1993 called 'Enforcing Regulations: Compliance-seeking Strategies for the Nineties'. This course will interest professional regulators, managers of regulated industries and their advisors.
Details from LSE, Short Courses Office
Tel: 071 955 7227 Fax: 071 955 7676
LONDON

MARCH 2
Emerging Markets 1994
A one-day international conference, Savoy Hotel, London. An assessment of the global market with leading international specialists from the US, London, Hong Kong & Singapore, evaluating trends and potential across all emerging markets.
For details Fax: 071-638 3365
Imperator Financial Conferences.
LONDON

INTERNATIONAL

NOVEMBER
International Tax Conferences
Ernst & Young International Conference Calendar: 2 November - International Tax Planning, New York 23 November - International Tax Planning, Paris
Contact: Michelle Beard
ERNST & YOUNG Tel: 071 931 2297
NEW YORK, PARIS

NOVEMBER 8-10
After the Recession - World Commercial Aviation at the Crossroads
The conference will focus on the great changes that are taking place in the world airline and aerospace industry. The impact of globalization and multilateralism will be assessed as well as the manufacturers' role in meeting future aircraft demand.
Enquiries: Financial Times
Tel: 071-814 9770 Fax: 071 873 3975/3969
DUBAI

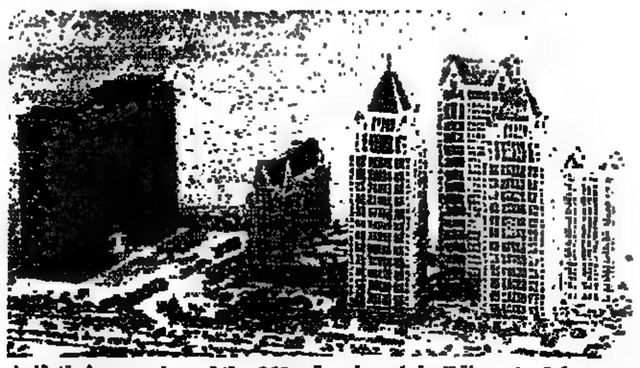
NOVEMBER 29-30
"Sub-Saharan Oil & Minerals"
Major investment conference co-hosted by Europe Energy Environment, Gabonese Ministry of Mines & Energy, NNPC, Sonangol & SA Chamber of Mines. Key speakers include President FW de Klerk and Dr Nelson Mandela plus Ministers and delegations from most sub-Saharan countries. For details contact: EEE Ltd
Tel: +44-71-493 4918;
Fax: 44-71-355 1415
CAPE TOWN

DECEMBER 2/3
Conversion Projects in the Russian Federation
Government supported projects for international cooperation.
International Seminars & Symposia Centre (ISSC)
Tel: + 49 (0) 228-6483-126
Fax: +49 (0) 228-6483-300
BERLIN

TO ADVERTISE IN THIS SECTION PLEASE CALL ALISON PRIN ON 071 407 5752

CONSTRUCTION

Gammon wins £370m orders



Artist's impression of the £60m Landmark buildings in Jakarta

GAMMON CONSTRUCTION, the Hong Kong-based company jointly owned by Trafalgar House Construction and Jardine Pacific, has won orders worth £370m (HK$4.2bn), including its first significant contract in Indonesia.

The largest orders are for two sub-contracts worth £120m on the Western Harbour Crossing for Nishimatsu Construction Company. The main contract involves the design and construction of a third immersed tube road tunnel under Hong Kong Harbour to include northern and southern approaches.

The tunnel will provide a vital link between Hong Kong Island and West Kowloon.

Gammon will construct all the land based works on Hong Kong Island – 3.5km of pre-stressed elevated highway structures founded on barrettes and bored piles, a 300m long cut and cover tunnel, to be formed by top down construction between diaphragm walls, numerous linking ramps and an underpass, extensive drainage and utilities.

In Indonesia, Gammon in joint operation with P T Total Bangum Persada will build the £60m Landmark III and IV office towers at the Landmark Centre in central Jakarta (pictured above).

The 31-month project is for developer P T Panen Subur and includes the construction of twin 24-storey office blocks above a two-level basement carpark area and a two-level podium containing retail outlets, carpark and extensive landscaped areas.

Other Hong Kong orders include additional power station work and building on the Dorset House development in Quarry Bay.

Gammon is already building twin office towers of 40 and 43 storeys in the bay area.

MDI gains US hat-trick

MORSE DIESEL INTERNATIONAL, a 50 per cent Amec-owned US project management company, has been awarded three contracts worth $160m (£106m).

The largest contract, at $117m, is for the construction management of a 27-storey, 1,263,000 sq ft, Orange County Courthouse in Orlando, Florida.

Work on the 32-month contract will start on site next year and is expected to create up to 2,000 local jobs for subcontractors, vendors and suppliers.

At Menlo Park in California, MDI's San Francisco office has been awarded a $24.3m contract for a new drug and alcohol rehabilitation unit.

Work involves building a two-storey, 100-bed, domiciliary building for the US Department of Veteran's Affairs. Work is due to start next month.

In Chicago, MDI has won an $18m deal to construct a new five-storey building for the Children's Memorial Institute for Education and Research.

Due to be completed 1995, the contract will add about 70,000 sq ft of usable research facilities, nearly tripling the institution's current capacity.

Work rolls in for Conder

CONDER PROJECTS, Miller Construction's specialist design and build business, has won a total of £12m orders in Scotland, Co. Durham, Nottingham and Surrey.

The two largest contracts are for residential accommodation – the first, valued at £7m, to construct two, three and four-storey en suite student accommodation at Nottingham Trent University.

The second contract, for Miller Conder Projects, is to build three-storey en suite accommodation and associated facilities for 118 staff and trainees at the Scottish Police College in Kincardine, Fife. Work has just commenced on site and the contract value is £3.4m.

Conder has also been hired to construct advance factory units in Co. Durham for English Estates.

Joint venture starts on £68m hospital

JOHN LAING CONSTRUCTION has joined up with JOHN PAUL CONSTRUCTION to build the Tallaght Regional Hospital in Dublin.

Recently awarded by the Tallaght Regional Hospital Board, the contract has a value of £68m.

Work has already started on the project and is scheduled for completion in early 1997.

The hospital is located in south-west Dublin, approximately nine miles from the city centre.

The contract is said to be the largest current single building contract in the Republic of Ireland.

The Hospital will cater for 513 patients and is to have a gross floor area of 58,000 sq metres.

Work involves the construction of wards and paramedical departments including treatment, diagnostic and medical service sections.

Also included in the project is an energy centre, workshops, residential accommodation and school of nursing with full catering facilities and ancillary works.

John Simington, managing director at John Paul Construction, said the company was extremely pleased with the award.

"The hospital adds to a strong list of public sector projects for the company since it was first set up in 1949," he said.

Brian Fitzgerald, a John Laing director, added: "The joint venture provides much in terms of experience and local knowledge."

UK group rebuild in Kuwait

A £6m contract to rebuild an ammunitions facility in Kuwait has been won by the KUWAITI ANGLO DEFENCE COMPANY (KADCOL), a Taylor Woodrow / Wimpey joint operation.

KADCOL will repair and refurbish air-conditioned storage facilities for munitions, maintenance and testing facilities. It will also build a new administration block, and install a telemetry and security system.

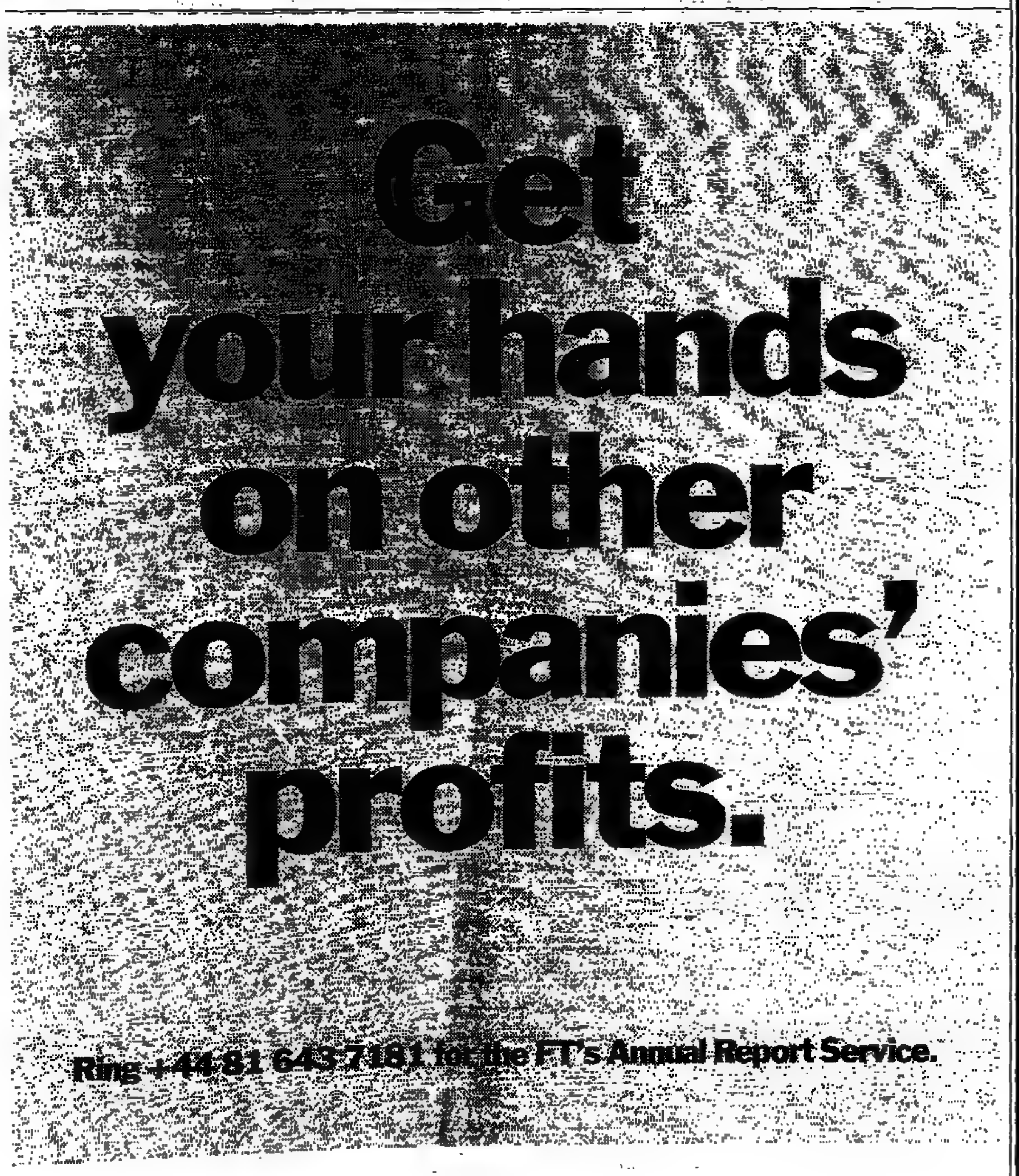
Hugh MacRae extends home

Inverness builders HUGH MACRAE has been awarded a £230,000 contract to carry out building work at Redwoods Nursing Home in Teaninich, Alness.

The contract involves the construction of a 16-bed single-storey extension.

Rooff designs

ROOFF has been awarded a £2.1m, 68-week contract to design and build 54 houses for Notting Hill Housing at West Drayton. The development comprises 21 two-bed, 30 three-bed and three four-bed houses to be shared between Notting Hill Housing Trust and Airways Housing Society.



It's quick, costs nothing, and offers access to over 500 companies' annual and interim reports.

To get your hands on them, all you have to do is lift a finger.

Simply check the FT's London share service columns for any company marked with a ♣, and quote the code number from the bottom right hand corner of the page when you ring the telephone number above.

Lines are open 24 hours a day, seven days a week, or you can fax your request on +44 81 770 3822.

It's just one more way you can profit from the FT.

FT. Because business is never black and white.

Notice of Invitation
by

Salomon Brothers Inc

to holders of

Certificates of Accrual on Treasury Securities (CATS) and Treasury Receipts (TR's)

to participate in a

$10,000,000,000 Tender Offer

Salomon Brothers Inc ("Salomon") is offering to purchase the CATS and TR's described below (the "Securities") upon the terms and subject to the conditions set forth in the Offer to Purchase, dated October 28, 1993 and the related Letter of Transmittal (which, together, constitute the "Offer") for the following consideration, at the option of the Securityholder, either:

(I) Cash Price - shall be the price resulting in a yield equal to the yield on the STRIPS security maturing on the same date as the tendered Security (or maturing on the earliest redemption date of the U.S. Treasury Bond underlying such tendered Security if such tendered Security is a "Callable CATS" or "Callable TR's"), determined on the business day following the Pro Ration Date (as defined in the Offer) in the manner described in the Offer (such price being calculated in accordance with market practice for Securities subject to this Offer and rounded to the nearest cent per $1,000 principal amount of Securities). The yield on a STRIPS security of any maturity for purposes of calculating the Cash Price will be the average (after eliminating the high and the low quotes) of the bid yields quoted to Salomon at the close of business on the business day following the Pro Ration Date by five primary dealers in United States government securities selected at random by Salomon on such date.

(II) Exchange Price - shall consist of a STRIPS security of equal face amount and maturing on the same date as the Security accepted for purchase (or maturing on the earliest redemption date of the U.S. Treasury Bond underlying such Security if such Security is a "Callable CATS" or "Callable TR's"). The STRIPS securities to be delivered in payment of the Exchange Price hereunder are Zero Coupon United States Treasury securities issued under the Separate Trading of Registered Interest and Principal of Securities program established by the U.S. Department of Treasury in 1985.

Amount of Securities to be Purchased - The amount of Securities of any maturity and CUSIP number to be purchased by Salomon pursuant to this Offer will be determined by Salomon, in its sole discretion, on or before six business days following the Expiration Date (the date on which such determination is made being referred to as the Pro Ration Date). It is Salomon's present intention to purchase only that face amount of Securities of each maturity and CUSIP number which, when added to Securities already owned by or otherwise available to Salomon, will enable Salomon to reconstruct the United States Treasury Bonds underlying such Securities. However, Salomon, in its sole discretion, may purchase more or less of the Securities of any maturity and CUSIP number tendered pursuant to this Offer than would be necessary to enable it to reconstruct the underlying United States Treasury Bonds as described in the preceding sentence. In the event that Salomon elects to purchase less than all of the Securities of any maturity and CUSIP number tendered pursuant to this Offer, Salomon will calculate the face amount of Securities of such maturity and CUSIP number to be purchased from each tendering Securityholder by multiplying the face amount of Securities of such maturity and CUSIP number tendered by such Securityholder by a fraction whose numerator equals the aggregate face amount of Securities of such maturity and CUSIP number to be purchased by Salomon and whose denominator equals the aggregate face amount of Securities of such maturity and CUSIP number tendered pursuant to this Offer. Such amounts, in all cases, being rounded to the nearest $1,000. In the event that, as a result of pro ration and rounding, Salomon has accepted for purchase from any holder Securities in denominations not available for delivery by the custodian for the relevant CATS or TR's, Salomon will purchase from such holder at the Cash Price an additional amount of Securities sufficient to increase the amount purchased to the next highest multiple available for delivery by such custodian.

Salomon intends to publish the applicable Cash Price and pro ration information, if any, on Telerate and Reuters.

This Offer terminates at 5:00 p.m., New York City time, on Monday, November 22, 1993 unless this Offer is extended.

12½% due 08/15/2014				13¼% due 05/15/2014			
Maturity	Series "S" CATS CUSIP	Series "Y" CATS CUSIP	Treasury Receipts CUSIP	Maturity	Series "P" CATS CUSIP	Series "Q" CATS CUSIP	Treasury Receipts CUSIP
2/15/94	156884-A9-9	156884-6B-9	222655-Y6-3	5/15/94	156884-QP-6	156884-UQ-9	222655-QW-5
8/15/94	156884-B2-3	156884-6C-7	222655-Y7-1	11/15/94	156884-QQ-4	156884-UR-7	222655-QX-3
2/15/95	156884-B3-1	156884-6D-5	222655-Y8-9	5/15/95	156884-QR-2	156884-US-5	222655-QY-1
8/15/95	156884-B4-9	156884-6E-3	222655-Y9-7	11/15/95	156884-QS-0	156884-UT-3	222655-QZ-8
2/15/96	156884-B5-6	156884-6F-0	222655-Z2-1	5/15/96	156884-QT-8	156884-UU-0	222655-RA-2
8/15/96	156884-B6-4	156884-6G-8	222655-Z3-9	11/15/96	156884-QU-5	156884-UV-8	222655-RB-0
2/15/97	156884-B7-2	156884-6H-6	222655-Z4-7	5/15/97	156884-QV-3	156884-UW-6	222655-RC-8
8/15/97	156884-B8-0	156884-6J-2	222655-Z5-4	11/15/97	156884-QW-1	156884-UX-4	222655-RD-6
2/15/98	156884-B9-8	156884-6K-9	222655-Z6-2	5/15/98	156884-QX-9	156884-UY-2	222655-RE-4
8/15/98	156884-C2-2	156884-6L-7	222655-Z7-0	11/15/98	156884-QY-7	156884-UZ-9	222655-RF-1
2/15/99	156884-C3-0	156884-6M-5	222655-Z8-8	5/15/99	156884-QZ-4	156884-VA-3	222655-RG-9
8/15/99	156884-C4-8	156884-6N-3	222655-Z9-6	11/15/99	156884-RA-8	156884-VB-1	222655-RH-7
2/15/00	156884-C5-5	156884-6P-8	222655-2A-9	5/15/00	156884-RB-6	156884-VC-9	222655-RJ-3
8/15/00	156884-C6-3	156884-6Q-6	222655-2V-3	11/15/00	156884-RC-4	156884-VD-7	222655-RK-0
2/15/01	156884-C7-1	156884-6R-4	222655-2B-7	5/15/01	156884-RD-2	156884-VE-5	222655-RL-8
8/15/01	156884-C8-9	156884-6S-2	222655-2C-5	11/15/01	156884-RE-0	156884-VF-2	222655-RM-6
2/15/02	156884-C9-7	156884-6T-0	222655-2D-3	5/15/02	156884-RF-7	156884-VG-0	222655-RN-4
8/15/02	156884-D2-1	156884-6U-7	222655-2E-1	11/15/02	156884-RG-5	156884-VH-8	222655-RP-9
2/15/03	156884-D3-9	156884-6V-5	222655-2F-8	5/15/03	156884-RH-3	156884-VJ-4	222655-RQ-7
8/15/03	156884-D4-7	156884-6W-3	222655-2G-6	11/15/03	156884-RJ-9	156884-VK-1	222655-RR-5
2/15/04	156884-D5-4	156884-6X-1	222655-2H-4	5/15/04	156884-RK-6	156884-VL-9	222655-RS-3
8/15/04	156884-D6-2	156884-6Y-9	222655-2J-0	11/15/04	156884-RL-4	156884-VM-7	222655-RT-1
2/15/05	156884-D7-0	156884-6Z-6	222655-2K-7	5/15/05	156884-RM-2	156884-VN-5	222655-RU-8
8/15/05	156884-D8-8	156884-7A-0	222655-2L-5	11/15/05	156884-RN-0	156884-VP-0	222655-RV-6
2/15/06	156884-D9-6	156884-7B-8	222655-2M-3	5/15/06	156884-RP-5	156884-VQ-8	222655-RW-4
8/15/06	156884-E2-0	156884-7C-6	222655-2N-1	11/15/06	156884-RQ-3	156884-VR-6	222655-RX-2
2/15/07	156884-E3-8	156884-7D-4	222655-2P-6	5/15/07	156884-RR-1	156884-VS-4	222655-RY-0
8/15/07	156884-E4-6	156884-7E-2	222655-2Q-4	11/15/07	156884-RS-9	156884-VT-2	222655-RZ-7
2/15/08	156884-E5-3	156884-7F-9	222655-2R-2	5/15/08	156884-RT-7	156884-VU-9	222655-SA-1
8/15/08	156884-E6-1	156884-7G-7	222655-2S-0	11/15/08	156884-RU-4	156884-VV-7	222655-SB-9
2/15/09	156884-E7-9	156884-7H-5	222655-2T-8	5/15/09	156884-RV-2	156884-VW-5	222655-SC-7
8/15/09	156884-E8-7	156884-7K-8	222655-2U-6	5/15/14	156884-RW-0	156884-VX-3	131005-AD-2
8/15/14	156884-G3-6	156884-7J-1	131005-AG-5				

To tender Securities pursuant to the Offer, a properly completed and duly executed Letter of Transmittal (or facsimile thereof), with any required signature guarantees, together with the certificates representing the Securities being tendered and any other required documents, must be transmitted to and received by the Depositary at one of its addresses set forth in the Offer. All tenders of Securities pursuant to the Offer are irrevocable. There are no withdrawal rights in connection with this Offer. If you are interested in pursuing this Offer and have questions regarding how to tender your Securities please contact the Information Agent or Individuals listed below.

The Information Agent for the Offer is:

D.F. King & Co., Inc.

37 Sun Street London, England EC2M 2PY 071 247 8263 (Call Collect)	77 Water Street New York, NY 10005 0101 212 269-5550 (Call Collect)

Salomon Brothers

Contacts:

Marwan Marshi Stephen Cheeseman Philip Tremmel Liability Management Group	Charles Parkhurst Juliet Glennon Government Trading Desk

This announcement is made solely for the purpose of giving information about the Offer and is itself neither an offer to purchase nor a solicitation of an offer to sell these securities. The Offer is made only by the Offer to Purchase dated, October 28, 1993 and the related Letter of Transmittal.

October 28, 1993

WORLD STOCK MARKETS

CANADA

TORONTO

4 pm close October 29

Quotations in cents unless marked $

Total Sales 24,733,931 shares

MONTREAL

4 pm close October 29

INDICES

NEW YORK

DOW JONES	Oct 29	Oct 28	Oct 27	Oct 26	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3680.59	3687.86	3684.65	3672.49	3687.86 (28/10)	3241.95 (20/1)	3687.86 (28/10/93)	41.22 (2/7/32)
Home Bonds	109.52	109.52	109.44	[illegible]	109.77 (18/10)	103.49 (11/1)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1727.07	1727.93	1699.65	[illegible]	1727.93 (28/10)	1453.84 (4/1)	[illegible] (28/10/93)	12.32 (8/7/32)
Utilities	240.77	240.16	238.66	238.69	256.46 (31/8)	217.14 (8/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's High 3712.45 (3713.57) Low 3658.84 (3657.96) (Theoretical♠)
Day's High 3690.37 (3708.69) Low 3674.73 (3664.66) (Actual♠)

STANDARD AND POOR'S

	Oct 29	Oct 28	Oct 27	Oct 26	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	467.84	467.73	464.61	464.30	469.50 (15/10)	429.05 (8/1)	469.50 (15/10/93)	4.40 (1/6/32)
Industrials ♥	535.93	536.87	531.97	531.49	536.87 (28/10)	496.48 (26/4)	536.87 (28/10/93)	3.62 (21/6/32)
Financial	45.12	45.02	44.94	45.13	48.40 (28/9)	39.89 (8/1)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Composite	259.38	258.99	257.46	257.27	260.48 (15/10)	236.21 (8/1)	260.48 (15/10/93)	4.46 (25/4/42)
Amex Mkt. Value	481.44	477.35	475.09	473.84	483.23 (15/10)	395.84 (8/1)	483.23 (15/10/93)	29.31 (9/12/72)
NASDAQ Composite	779.38	773.49	771.88	765.46	787.42 (15/10)	645.87 (26/4)	787.42 (15/10/93)	54.87 (31/10/72)

	Oct 22	Oct 15	Oct 8	year ago (approx.)
Dow Industrial Div. Yield	2.79	2.81	2.84	3.24

	Oct 27	Oct 20	Oct 13	year ago (approx.)
S & P Industrial div. yield	2.42	2.30	2.47	2.68
S & P Indl. P/E ratio	28.51	28.49	28.00	27.52

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
RJR Nabisco	5,461,600	5¾	+ ⅛
Edito	3,395,500	26⅝	—
Gen Motors	3,881,300	47⅞	- 1⅜
Zapata	3,622,500	1⅞	+ ⅛
Telefonos	3,530,600	54¼	+ 1⅛
Eastman Kodak	3,528,000	63	- ⅛
Gt Western	3,262,500	19¼	+ ½
Citicorp	2,520,900	36¼	+ ⅛
Ford Motor	2,451,100	61⅞	- 1
Bristol Myers	2,269,300	58¼	+ 1⅛

TRADING ACTIVITY

† Volume (Millions)	Oct 29	Oct 28	Oct 27
New York SE	268.580	297.140	277.086
Amex	20.289	30.417	18.829
NASDAQ	(u)	312.140	302.949
NYSE			
Issues Traded	2,659	2,657	2,641
Rises	1,195	1,149	1,011
Falls	806	860	989
Unchanged	656	648	661
New Highs	87	88	70
New Lows	21	16	34

CANADA

TORONTO	Oct 29	Oct 28	Oct 27	Oct 26	1993 HIGH	1993 LOW
Metals & Minerals	3080.71	3070.71	3015.04	3002.06	3140.94 (16/9)	2743.31 (21/1)
Composite	4256.60	4235.39	4187.46	4187.20	4256.60 (29/10)	3275.80 (21/1)
MONTREAL Portfolio	2024.23	2020.66	1995.69	1991.31	2034.23 (29/10)	1720.97 (21/1)

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♠ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation

	Oct 29	Oct 28	Oct 27	Oct 26	1993 HIGH	1993 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	2112.2	2078.3	2088.3	2095.7	2112.20 (29/10)	1495.00 (13/1)
All Mining (1/1/80)	876.5	858.9	857.4	854.8	904.50 (2/8)	584.70 (13/1)
AUSTRIA						
Credit Aktien (30/12/84)	430.94	415.41	414.89	(c)	430.94 (29/10)	309.35 (14/1)
Traded Index (2/1/91)	1086.02	1070.80	1071.13	(c)	1086.02 (29/10)	712.06 (15/1)
BELGIUM						
BEL20 (1/1/91)	1381.38	1376.58	1370.51	1372.08	1381.38 (29/10)	1125.46 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	349.29	345.98	347.31	347.82	349.29 (29/10)	261.99 (4/1)
FINLAND						
HEX General (28/12/90)	1567.4	1565.6	1568.8	1569.9	1567.40 (29/10)	843.10 (22/1)
FRANCE						
CAC General (31/12/81)	606.54	601.97	607.54	609.73	609.73 (26/10)	471.24 (13/1)
CAC 40 (31/12/87)	2181.95	2195.98	2182.02	2210.37	2231.86 (22/10)	1772.21 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	794.82	783.75	785.51	792.08	794.82 (29/10)	590.92 (14/1)
Commerzbank (1/12/53)	2275.9	2243.6	2250.00	2267.80	2275.90 (29/10)	1684.30 (14/1)
DAX (30/12/87)	2069.08	2038.46	2043.08	2058.72	2074.39 (25/10)	1516.58 (13/1)
HONG KONG						
Hang Seng Bank (31/7/64)	9329.09	9010.27	8903.39	8790.50	9329.09 (29/10)	5437.80 (4/1)
IRELAND						
ISEQ Overall (4/1/88)	1798.47	1798.96	1789.41	1781.60	1798.47 (29/10)	1191.19 (11/1)
ITALY						
Banca Com. Ital. (1972)	583.41	575.75	578.14	586.53	632.66 (30/8)	446.38 (8/1)
MIB General (4/1/93)	1284.0	1257.0	1268.0	1288.0	1390.00 (30/8)	982.00 (11/1)
JAPAN						
Nikkei (16/5/49)	19702.97	19479.45	19838.78	20023.60	21148.11 (13/9)	16287.45 (25/1)
Tokyo SE (Topix) (4/1/68)	1630.59	1602.39	1631.95	1645.31	1698.67 (3/9)	1250.06 (25/1)
2nd Section (4/1/68)	2087.50	2078.37	2080.52	2085.81	2384.97 (7/6)	1651.72 (26/1)
MALAYSIA						
KLSE Composite (4/4/86)	971.99	946.72	934.53	929.66	971.99 (29/10)	614.28 (13/1)
NETHERLANDS						
CBS Tl Rtn.Gen.(End 1983)	410.5	409.5	405.0	408.2	410.50 (29/10)	295.70 (4/1)
CBS All Shr (End 1983)	268.4	265.7	262.0	264.9	268.40 (29/10)	198.60 (13/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	1034.93	1017.39	1007.78	1015.63	1034.93 (29/10)	668.58 (27/1)
PHILIPPINES						
Manila Comp (2/1/85)	2372.83	2336.59	2228.45	2240.53	2372.83 (29/10)	1270.08 (4/1)
SINGAPORE						
SES All-Singapore (2/4/75)	562.38	561.31	560.73	554.53	562.38 (29/10)	394.10 (13/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1756.0♥	1770.0	1754.0	1728.0	2098.00 (30/7)	775.00 (6/1)
JSE Industrial (28/9/78)	4632.0♥	4430.0	4600.0	4497.0	4719.00 (8/7)	4033.00 (19/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	742.72	742.83	744.86	747.97	777.25 (3/6)	605.93 (6/1)
SPAIN						
Madrid SE (30/12/85)	308.29	306.55	303.81	307.13	310.28 (22/10)	215.60 (4/1)
SWEDEN						
Affarsvarlden Gen. (1/3/37)	1426.20	1421.30	1406.80	1415.2	1426.20 (29/10)	879.10 (29/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	1168.36	1169.97	1169.81	1153.88	1168.36 (29/10)	904.20 (11/1)
SBC General (1/4/87)	924.14	918.84	917.41	913.39	924.14 (29/10)	678.70 (11/1)
TAIWAN**						
Weighted Price (30/6/66)	4088.17	4085.87	4103.63	4081.17	5013.28 (7/4)	3098.43 (8/1)
THAILAND						
Bangkok SET (30/4/75)	1260.91	1239.18	1193.18	1158.20	1260.91 (29/10)	818.04 (1/6)
WORLD						
MS Capital Intl (1/1/70) $	606.6*	599.1	600.7	603.6	607.10 (15/10)	498.60 (13/1)
Euro Top-100 (25/6/90)	1169.48	1164.59	1158.92	1166.65	1175.45 (22/10)	882.73 (13/1)

**Saturday October 23. Taiwan Weighted Price: 4100.08, Korea Comp Ex: 736.28.
♥ Subject to official recalculation. *Calculated at 15.00 GMT.

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000, JSE Gold - 255.7, JSE 20 Industrials - 264.3 and Australia All Ordinary and Mining - 500; (c) Closed. (u) Unavailable

TOKYO - Most Active Stocks

Friday, October 29, 1993

	Stocks Traded	Closing Prices	Change on day
Hitachi	5.5m	861	+24
NEC Corp	4.8m	951	+30
Nippon Steel	4.8m	334	+14
Toshiba Corp	3.7m	698	+1
Fujitsu	3.4m	857	+13
Mitsubishi Hvy	2.9m	675	+30
Mitsubishi Elec	2.7m	581	+10
Toyota Motor	2.6m	1,880	+40
Asahi Bank	2.4m	1,300	+60
Kobe Steel	2.2m	293	+10

AUSTRIA · BELGIUM/LUXEMBOURG · DENMARK · FINLAND · FRANCE · GERMANY · IRELAND · ITALY · NETHERLANDS · NORWAY · SPAIN · SWEDEN · SWITZERLAND · SOUTH AFRICA · JAPAN · AUSTRALIA · HONG KONG · MALAYSIA · SINGAPORE

(Price listings by country, columns: 1993 High, Low, Stock (October 29), Price)

[illegible]

IS THIS YOUR OWN COPY OF THE FINANCIAL TIMES?

Or do you rely on seeing someone else's? Every day the FT reports on the topics that matter to people doing business every day, in and from Europe.

We cover the latest European, U.S. and international news, and analyse the implications from a European perspective. In fact you'll find far more than finance in the FT.

No surprise then, that the Financial Times is read by over four times as many senior European businessmen and women as any other international newspaper.*

• Make sure you're one of them by getting your own copy of the newspaper delivered daily to your office.

*Source EBRS 1991

To Gillian Hart, Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt/Main, Germany, Tel +4969 156850, Tlx. 416193, Fax +4969 5964483

SPECIAL INTRODUCTORY SUBSCRIPTION.

TWELVE FREE ISSUES DELIVERED TO YOUR OFFICE

To Gillian Hart, Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt/Main, Germany, Tel +4969 156850, Tlx 416193, Fax +4969 5964483

YES, I would like to subscribe to the Financial Times, and enjoy my first 12 issues free. I will allow up to 21 days before delivery of my first copy. Please enter my subscription for 12 months at the following rate*

Austria	ÖS 5,600	France	FFR 1,590	Luxembourg	LFR 12,500	Spain	PTS 39,000
Belgium	BFR 12,500	Germany	DM 700	Netherlands	DFL 850	Sweden	SEK 2,900
Denmark	DKR 3,150	Greece**	DR 22,000	Norway	NOK 2,800	Switzerland	SFR 680
Finland	FMK 1,950	Italy	LIT 560,000	Portugal	ESC 57,000	Turkey	TL 1,550,000

☐ Bill me ☐ Charge my American Express/Diners Club Eurocard/Visa Account. Expiry Date ______

*Currency rates are only valid for the country in which they are quoted. Subscription Prices are correct at time of going to press. ** 3 month subscription only. Prices are exclusive of VAT in all EC countries except Germany and France. Offer valid until 30th November 1993

To subscribe to the FT in North America contact New York Tel 7524500, Fax 3082897. For East contact Tokyo Tel 32951711, Fax 32951712

☐ Please tick here for more information about 6 and 24 month subscription rates, or rates for a country not listed opposite.

(Please specify) ______

Name ______ Title ______

Company ______ Tel ______

Address to which I would like my Financial Times delivered:

Signature ______ Date ______

No order accepted without a signature FI

FINANCIAL TIMES

FAR MORE THAN FINANCE.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices: dial (0891 or 0336) 430000, enter 4 and key in the five digit code listed below. Calls are charged at 36p/minute cheap rate and 48p/minute at all other times. International access available by subscription only. For more details call the FT Cityline Help Desk on (071) 873 4378.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✓) - 0001 to 1100 hours; (●) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices: dial (0891 or 0336) 430000, enter 4 and key in the five digit code listed below. Calls are charged at 36p/minute cheap rate and 48p/minute at all other times. International access available by subscription only. For more details call the FT Cityline Help Desk on (071) 873 4378.

State Street Unit Trust Mngmt Ltd (1400)F

Stewart Ivory Unit Tst Mgrs Ltd (1200)F

Sun Alliance Unit Tst Mngmt Ltd (1200)F

Sun Life of Canada Unit Mgrs Ltd (1000)H

Sun Life Trust Mngmt Ltd (1200)H

Jupiter Merlin Unit Trust Managers Ltd

Lazard Brothers & Co. Ltd

Lazard Investors Ltd

Allied Dunbar Assurance Plc - Contd.

American Life Insurance Co UK

City of Westminster Assurance (z)

Clerical Medical/Fidelity Investments

Friends Provident

Irish Life Assurance Co Plc

MGM Assurance (z)

Norwich Union Life Insurance Soc. - Contd.

INSURANCES

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices: dial (0891 or 0336) 430000, enter 4 and key in the five digit code listed below. Calls are charged at 36p/minute cheap rate and 48p/minute at all other times. International access available by subscription only. For more details call the FT Cityline Help Desk on (071) 873 4378.

Prudential Assurance Co

Prudential Corporate Pension Funds

Scottish Amicable - Contd.

Scottish Equitable Life Assce. Soc.

Sun Alliance Group - Contd.

Albany International Assurance Ltd - Contd.

Allied Dunbar International Assurance Ltd

Royal Skandia Life Assurance Ltd - Contd.

Scottish Provident Intl Life Assurance Ltd

MANAGEMENT SERVICES

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices: dial (0891 or 0336) 430000, enter 4 and key in the five digit code listed below. Calls are charged at 36p/minute cheap rate and 48p/minute at all other times. International access available by subscription only. For more details call the FT Cityline Help Desk on (071) 873 4378.

John Govett (Channel Islands) Ltd (1000)F
8 Minden Place, Helier, Jersey 0534 [illegible]
Global Stock Inv Ltd (Early Benefit Realised)

	Init Chrge	Canc Price	Bid Price	Offer Price	Yield Gr's	City Line
Global High Income	6½	$10.[illegible]	10.[illegible]	11.03	10.6	[illegible]
Dollar Cash	5½	[illegible]	[illegible]	[illegible]	3.00	[illegible]
Japanese Small Cos	5	[illegible]	[illegible]	[illegible]	0.00	[illegible]
Far East Equity	5½	[illegible]	[illegible]	19.54	0.75	[illegible]
US Smaller Cos	5½	$18.78	18.79	19.30	0.75	[illegible]
European Equity	5½	[illegible]	13.50	13.59	2.00	[illegible]
UK High Income	5	[illegible]	5.55	5.55	8.4	[illegible]

Initial charge may alter for sales in other jurisdictions

Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F
PO Box 63, Bond Street, St Helier, Jersey 0534 [illegible]

	Init Chrge	Canc Price	Bid Price	Offer Price	Yield Gr's	City Line
Stg Fixed Int	3½	£1.481	1.401	1.487	7.03	[illegible]
Offshore High Yield	3½	£1.575	1.575	1.632	9.36	[illegible]
Global Equity Fund	5½	$17.80	17.71	18.94	0.00	[illegible]
European Equity	5½	[illegible]	22.63	24.20	0.00	[illegible]
UK Growth (CI Fund)	5½	[illegible]	[illegible]	[illegible]	1.46	[illegible]
Nth American Eqty	5½	$11.80	11.80	12.60	0.00	[illegible]
Far Eastern Eqty	5½	[illegible]	16.10	17.22	0.00	[illegible]
International Mngd	5½	[illegible]	14.45	15.45	0.00	[illegible]

Bank Von Ernst & Cie AG - Contd.

Banque Scandinave a Luxembourg SA
16 Boulevard Royal, L-2449, Luxembourg

Barclays Diversified Portfolio
14 rue Aldringen L-1118

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGE AND MONEY MARKETS

US job data awaited

ECONOMIC problems surrounding Belgium and France refuse to go away and could prompt continued weakness of the respective currencies this week. Meanwhile, many economists will be waiting for the latest employment data from the US, *writes Peter John.*

Belgium's problems were highlighted on Friday by a mass trades union demonstration to coincide with the EC summit in Brussels.

UK clearing bank base lending rate
6 per cent
from January 26, 1993

Workers protested at the government's plans to reduce wages and jobs and the country's transport system was disrupted.

At the end of last week, some foreign exchange dealers said Belgian companies were busy selling Belgian francs to ensure they were covered against further falls in the currency.

Many financial markets are closed today for All Saints Day.

Tomorrow France and Germany will hold their twice-yearly conference on bilateral convergence and any concrete statements on growth could give some help to the French franc.

On Thursday, the Bank of France's weekly reserves statement is set to attract attention. It will cover the period after the D-Mark slipped following the Bundesbank's last interest rate cut. Economists have said the Bank of France has been slow in rebuilding its reserves lost during this summer's crisis over the European exchange rate mechanism and a short period of D-Mark weakness against the franc might have given it a chance to redress the balance.

On Friday, the US announces its employment figures for October and Midland Global Markets forecasts a pick up of only 50,000 over the month compared with 156,000 in September. However MMS International, the financial information company believes the figure will rise by 165,000.

£ IN NEW YORK

Oct 29	Close	Previous Close
£ Spot	1.4810-1.4820	1.4880-1.4885
1 month	0.34-0.33pm	0.34-0.32pm
3 months	0.82-0.80pm	1.47-1.44pm
12 months	2.57-2.49pm	2.51-2.46pm

Forward premiums and discounts apply to the US dollar

OTHER CURRENCIES

[illegible]

STERLING INDEX

[illegible]

CURRENCY MOVEMENTS

[illegible]

CURRENCY RATES

[illegible]

CHICAGO

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

EXCHANGE CROSS RATES

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

LONDON RECENT ISSUES

EQUITIES

[illegible]

RIGHTS OFFERS

[illegible]

BANK OF ENGLAND TREASURY BILL TENDER

[illegible]

WEEKLY CHANGE IN WORLD INTEREST RATES

[illegible]

BASE LENDING RATES

	%		%		%
Adam & Company	6	Duncan Lawrie	6	Nykredit Mortgage Bnk	6.5
Allied Trust Bank	6	Exeter Bank Limited	7	Rea Brothers	6
AIB Bank	6	Financial & Gen Bank	7	* Roxburghe Bank Ltd	6
●Henry Ansbacher	6	●Robert Fleming & Co	6	* (in administration)	
Bank of Baroda	6	Girobank	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	●Guinness Mahon	6	●Smith & Williamson Secs	6
Bank of Cyprus	6	Habib Bank AG Zurich	6	Standard Chartered	6
Bank of Ireland	6	●Hambros Bank	6	TSB	6
Bank of India	6	Heritable & Gen Inv Bk	6	●United Bk of Kuwait	6
Bank of Scotland	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Barclays Bank	6	C. Hoare & Co	6	Western Trust	6
Brit Bk of Mid East	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
●Brown Shipley	6	Julian Hodge Bank	6	Wimbledon & Sth West	7
Cl. Bank Nederland	6	●Leopold Joseph & Sons	6	Yorkshire Bank	6
Citibank NA	6	Lloyds Bank	6		
City Merchants Bank	6	Meghraj Bank Ltd	6		
Clydesdale Bank	6	Midland Bank	6		
The Co-operative Bank	6	* Mount Banking	6		
Coutts & Co	6	* (in administration)			
Credit Lyonnais	6	NatWestminster	6		
Cyprus Popular Bank	6				

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

NOTES - Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

STOCK INDICES

	Oct 29	Oct 28	Oct 27	Oct 26	Oct 25	Oct 22	1993 High	1993 Low	Since Compilation High	Since Compilation Low
FT-SE 100	3171.0	3163.0	3154.3	3165.3	3184.8	3199.0	3199.0	2737.6	3199.0	986.9
FT-SE Mid 250	3528.1	3532.4	3537.1	3545.0	3547.0	3547.0	3547.0	2876.3	3547.0	1379.4
FT-SE-A 350	1580.9	1578.2	1575.3	1580.3	1588.1	1593.6	1593.6	1348.7	1593.6	[illegible]
FT-A All-Share	1565.37	1562.82	1560.13	1564.82	1572.00	1577.12	1577.12	1066.13	1577.12	61.92
FT-SE Eurotrack 100	1374.61	1369.48	1367.82	1377.10	1378.69	1386.16	1386.16	1063.02	1386.16	900.45
FT-SE Eurotrack 200	1439.46	1435.53	1430.55	1437.92	1442.09	1447.89	1447.89	1144.79	1447.89	938.62
FT Ordinary	2398.0	2393.5	2383.6	2381.5	2395.8	2409.5	2414.2	2124.7	2414.2	49.4
FT Government Secs.	102.67	102.65	102.98	103.36	103.24	103.60	103.60	93.28	127.40	49.18
FT Fixed Interest	124.35	124.15	124.83	124.80	124.84	124.95	125.20	106.67	126.20	50.53
FT Gold Mines	225.5	226.5	221.3	218.8	220.1	221.0	249.2	60.0	734.7	43.5

LONDON SHARE SERVICE

BRITISH FUNDS

[illegible]

BRITISH FUNDS - Cont.

[illegible]

OTHER FIXED INTEREST

[illegible]

Continued on next page

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

[illegible]

The Financial Times plans to publish a Survey on

Sweden

on Wednesday, December 15.

More senior European executives who are personally involved in strategic decisions about their organisation's international operations read the FT than any other European business publication.

If you wish to communicate your message to this influential audience by advertising in the Survey, contact:

BRRADLEY JOHNSON
in Stockholm
Tel: 46 8 791 2295
Fax: 46 8 791 7960

KIRSTY SAUNDERS
in London
Tel: 071 873 4823
Fax: 071 873 3934

FT Surveys

CONTRACTS & TENDERS

DIRECTORATE OF NAVAL ENGINEERING
RIO DE JANEIRO - BRAZIL

NOTICE OF PUBLIC TENDER NR. 062/93

Notice is hereby given that DEN with offices at: Praça Mauá 65, Rio de Janeiro, Brazil, CEP 20081-240, is accepting tenders to choose a supplier for **ONE (1) (ALREADY BUILT) OCEANOGRAPHIC SUPPORT SHIP, WITH CHARACTERISTICS TO OPERATE IN ICE INFESTED WATERS.** The latest date for submission of qualifying documents and quotations is the 21st December 1993 and the details of this Public Tender are available, at request, at the above address. For further information you may require, please contact: **DEN - "OCEANOGRAPHIC SUPPORT SHIP"**

Tel: 010 55 21 216 65 01
Fax: 010 55 21 216 65 18/21 233 74 83

COMMISSION OF TENDER

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	Wk% ch'nge	Div gross	Dividends paid	Last xd	City line
Abbott Labs		18⅞xd	-3.8	[illegible]	FeMyAuNv	11.10	1503
Allegheny & W	♥	538p	-3.6	[illegible]	-	-	-
Amdahl		302p	-4.7	[illegible]	NvFbJyAu	31.1	-
Amer Cyanamid		[illegible]	-3.9	$1.75	MrJeSeDe	4.5	-
Amer Express		21¼xd	[illegible]	$1.00	FeMyAuNv	5.10	1694
Amer T & T		36⅝xd	-1.0	$1.32	FeMyAuNv	29.6	1597
Ameritech		57⅞	0.1	[illegible]	FeMyAuNv	29.3	-
Anheuser-Busch		32	-1.5	[illegible]	MrJeSeDe	4.8	1630
BankAmerica		28¼xd	-3.8	$1.40	MrJeSeDe	17.8	1744
Bankers NY		53¼xd	-.8	[illegible]	ApJyOcJa	24.12	1745
Bell Atlantic		42⅝	-1.2	[illegible]	FeMyAuNv	4.7	-
BellSouth		41⅞	0.4	[illegible]	FeMyAuNv	5.4	-
Bethlehem Steel	♥	11¼xd	6.5	-	MrJeSeDe	6.2	1821
Bowater		1328pxd	4.5	[illegible]	OcJeApJy	9.3	1884
CPC		32½xd	-1.0	$1.28	JaApJyOc	25.8	2253
California Engy		1183p	1.5	-	-	-	-
Chase Manhattan		32½xd	[illegible]	$1.20	FeMyAuNv	28.10	2109
Chrysler		[illegible]	7.2	[illegible]	ApJyOcJa	10.8	2135
Citicorp		24¼xd	-4.7	-	-	23.10	2141
Colgate-Palm		39¼xd	1.6	$1.44	FeMyAuNv	20.10	2164
Cont'l Bank		1728p	-2.2	[illegible]	[illegible]	31.5	-
Dana		39⅝xd	-	$1.60	MrJeSeDe	27.8	2306
Data General		621p	-7.0	-	-	-	-
Decoma Inds	♥	98p	-	-	-	-	-
Dun & Brad		44⅝	1.5	$2.44	MrJeSeDe	13.2	-
Eaton		35⅛	5.8	$1.20	FeMyAuNv	2.2	2410
Echlin		21¼xd	2.1	76c	JaApJyOc	1.10	3046
FPL		25¾xd	-	$2.48	MrJeSeDe	25.5	-
Ford Motor		42¼xd	6.0	$1.60	MrJeSeDe	27.10	3615
Gen Elect		68¼xd	-1.2	$2.52	JaApJyOc	21.9	2675
General Host	♥	479p	-7.2	34c	-	13.12	-

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICALS - Cont.

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INVESTMENT TRUSTS - Cont.

[illegible]

INVESTMENT COMPANIES

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

Europa Mnls ......N☐	34	—	–	–	–	–	3427
Glencar Expl ‡‡	11	—	–	–	–	–	–
Greenwich Res ......☐	15½	-1.6	–	–	–	–	2773
Hemlo Gold C$	58⅛	-3.8	020c	–	Dec Jan	8.11	–
Ivernia West ‡‡☐	38	—	–	–	–	–	–
Kells Minls ‡‡	12	—	–	–	–	–	3741
Kenmare ......☐	9¼	2.8	–	–	–	–	1453
Mellaya Res.	8	3.2	–	–	–	–	–
Naran Res	104	2.0	–	–	–	–	1680
5pc Ln Notes	98	1.0	–	–	–	–	–
Oryx Gold	44	63.0	–	–	–	–	3686
‡‡Ovoca Res	9½	5.6	–	–	–	–	1470
RTZ ......†N☐	683	0.4	27.0	1.7	Dec Aug	7.6	3880

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown. Prices and net dividends are in pence unless otherwise indicated.

Where stocks are denominated in currencies other than sterling, this is *indicated after the name.*

Dividend covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Market Capitalisations are published on Tuesdays-Saturdays except for Investment Trusts and British Funds.

☐ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
● "Tap Stock"
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
♦ *Figures or report awaited*
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
♣ *Free annual/interim report available, see details below.*
♠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
§ Price at time of suspension
¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
♦ Merger bid or reorganisation in progress
§ Forecast dividend; cover based on earnings updated by latest interim statement.
♠ Unregulated collective investment scheme.

a Annualised dividend.
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend.
h Assumed dividend after scrip issue.
m Interim higher than previous total.
n Rights issue pending
q Earnings based on preliminary figures.
r Dividend excludes a special payment.
t Indicated dividend: cover relates to previous dividend.
u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings.
v Not subject to ACT.
z Dividend includes a special payment: Cover does not apply to special payment.
E Auction basis.
F Dividend based on prospectus or other official estimates for 1994-95.
G Assumed dividend after pending scrip and/ or rights issue.
H Dividend based on prospectus or other official estimates for 1993.
K Dividend based on prospectus or other official estimates for 1992-93
L Estimated annualised dividend, cover based on latest annual earnings.
M Dividend based on prospectus or other official estimates for 1993-94.
N Dividend based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1994
Q Gross.
R Forecast annualised dividend, cover based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend total to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xđ ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Share Service

The following changes have been made to the FT Share Information Service: Additions: Reflex (Electronics), Shield Diagnostics (Hlth & Hsehold), Ex-Lands 7½pc Cv 2020 (Htls & Leis), Smith (WH) B (Stores) and Landu (Plantations). Deletions: McLoughlin & Harvey (Contracting & Cnstrn)

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring 081 643 7181 (open 24 *hours including weekends*) or fax 081 770 3822, quoting the code FT2685. [If calling from outside UK, dial +44 81 643 7181 or fax +44 81 770 3822] Reports will be sent the next working day, subject to availability. If faxing please remember to state the weekly changing FT code above and also your post code.

FT Cityline

For up-to-the-second share prices call FT Cityline on 0336 43 or 0891 43 followed by the four-digit code listed after the share price. Calls charged at 36p per minute cheap rate and 48p per minute at all other times.

An international service is available for callers outside the UK, annual subscription £250 stg

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

4 pm close October 29

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
14⅝	11½	AAR	0.48	3.5	690	79	13¾	13⅝	13⅞	+⅛
29⅝	13¾	A L Labs A	0.18	1.1	31	629	16⅛	15⅝	15⅝	
67¾	54⅝	AMP	1.60	2.6	22	1038	62⅝	61⅝	62⅞	+⅛
72¾	56½	AMR			55	3629	70½	70	70⅛	-⅛
3⅞	1⅛	ARX			13	251	3½	3¼	3½	+⅛
51½	29⅞	ASA	2.00	4.3	30	195	46⅛	45⅞	46	-⅛
30¾	22⅝	Abbott L	0.68	2.4	17	5794	28⅛	27¾	28⅛	+⅛
12⅝	8¼	Abitibi Pr	0.50	5.0	6	31	10	9⅝	10	+½
15⅝	8¼	Acptncein			45	362	14¾	13¾	14½	
36	25½	ACE Ltd	0.92	2.8		1484	32½	32½	32½	-¼
12	10¾	ACM Gvt In	0.96	8.3		190	11⅝	11½	11⅝	
10⅛	9⅛	ACM GvOpp	0.80	7.9		132	u10⅛	10⅛	10⅛	
10	8¾	ACM Gvt Sp	0.80	8.1		791	9⅞	9¾	9⅞	
11⅝	10½	ACM Gvt Se	0.96	8.3		334	11½	11⅜	11½	+⅛
11⅜	9⅝	ACM Man	1.08	9.2		145	u11⅜	11½	11⅜	+⅛
9⅞	8⅝	ACM Mangd	0.72	7.9		48	9¼	9⅛	9⅛	-⅛
12⅝	7¾	AcmeClv	0.44	4.2	13	77	10½	10⅛	10⅜	-⅛
10⅞	6⅛	Acme Elect			72	1630	u11⅛	9⅞	10⅛	-⅛
27⅞	18⅛	Acordia	0.44	1.8	14	336	24⅞	24⅝	24¾	
16	10⅝	Acuson			61	1019	13¾	13⅛	13⅝	+¼
21¾	18¼	Adams Expr	0.48	2.5	0	162	19⅛	18⅞	19⅛	+⅛
66¼	45½	Ad Micro	3.00	6.1		603	50	49⅛	49¼	-¼
32¾	17⅝	AdvMic	3.00	15.2	7	7129	20¼	18¾	19¾	
8⅛	5½	Advest Grp	0.18	2.1	13	518	7¾	7⅜	7½	-½
24¾	14¼	Adva Inc	0.08	0.6	69	495	14⅝	14⅜	14½	-¼
51⅝	41⅛	Aegon ADR	1.23	2.4	10	303	u51¾	51⅛	51¾	+⅛
64⅞	43⅞	Aetna L	2.76	4.2	45	4416	u66⅛	63¾	65¾	+2⅜
34	28½	Aflac	0.40	1.3	15	740	32	31¾	31½	
22⅛	16¾	Ahmanson	0.88	4.9	8	3586	18⅛	17⅞	18⅛	-⅛
7¾	3⅞	Aileen Inc			7	1620	6⅛	5	5½	+½
48½	24⅞	AirPrC	0.92	2.2	29	1446	42	41¾	41¾	-¼
30½	18⅛	Airbne Frt	0.30	1.0	34	1580	30⅛	29⅞	30⅛	

BE OUR GUEST.

JOLLY HOTEL DU GRAND SABLON
BRUSSELS

When you stay with us in BRUSSELS stay in touch - with your complimentary copy of the FINANCIAL TIMES

Continued on next page

4 pm close October 29

NYSE COMPOSITE PRICES

Continued from previous page

- S -

1993 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
22	15½	S Anita Rt	1.38	7.3	15	32	19¼	18½	18¾	-⅛
20¾	14⅞	SCOR US Cp	0.32	2.1	180	150	15¼	15	15¼	
30⅛	20	SPS Techno	1.28	4.6	20	48	28½	28	28⅛	-½
16⅞	12⅞	Sabine Rit	1.74	11.0	11	103	u16⅛	15⅞	15⅞	-½
14	8⅞	Safecard	0.20	1.5	13	230	13⅝	12⅞	13	-¼
23½	16⅞	Safeg'd Sc			10	68	21¾	21¼	21¾	+½
24¾	13¼	SafetyKln	0.30	2.0	21	1101	14	d13¾	13⅞	-⅛
21½	10⅞	Safeway			26	2563	u21¾	21⅛	21⅞	+¾
4⅞	2	SafewayWt98				1195	4⅝	4⅝	4⅝	
55	37½	StJoePaper	0.20	0.4	144	37	49¾	49½	49¾	+¼
37⅞	31	StJoeLAP	1.76	5.0	14	11	35⅛	35⅛	35⅛	
99	75	St Paul's	2.80	3.0	16	642	94	92⅞	93¾	+¼
11⅞	7½	Salant Crp			4	114	7⅝	d7⅜	7½	-⅛
75¼	38⅝	Sallie Mae	1.20	2.7	9	1310	45⅛	44½	44⅝	-⅛
14⅞	13	Salomon Br x	0.32	2.3		416	14⅛	14	14⅛	+⅛
51⅞	34	Salomoninc	0.64	1.4	11	1057	45½	44½	45¼	+¾
27¾	23¼	SanDgo G&E	1.48	5.5	14	383	27	26⅞	27	
5	3½	SantaFeEDu	0.40	8.2	48	10	4⅞	4⅞	4⅞	
17⅞	9⅛	SantaFeERe	0.16	1.7	320	3795	10⅛	9⅝	9⅝	-⅛
40¾	35¾	SantaFePac	2.80	7.2	16	32	39½	39	39	-⅛
19⅝	12¾	SantaFPad	0.10	0.5	7	2400	19	18⅝	18⅞	-⅛
31⅛	21	Sara Lee	0.58	2.2	16	2857	27⅛	26½	26½	-⅝
92¾	40⅛	Scana Corp	2.74	5.3	13	158	51½	51⅛	51½	
25¾	20	Scecorp	1.42	6.8	14	5074	21⅛	20⅞	21	
36⅝	22⅞	SchererRP			29	336	32⅝	32⅛	32⅛	+⅛
71	51¾	SchengPl	1.80	2.6	18	2982	69⅛	68⅝	69	+1⅛
68⅞	55⅛	Schlberger	1.20	1.9	25	7787	63⅛	62⅛	62⅞	+¼
38⅛	16½	Schwab(C)	0.20	0.6	16	1831	34½	33	34½	+2⅛
7⅛	5⅝	Schwitzer			41	82	7	7	7	+⅛
36⅝	17¾	ScienAtln	0.12	0.3	53	4675	35½	33¾	35⅛	+1⅛
13⅞	9⅛	Scotsman	0.10	0.8	13	82	12⅜	12¼	12⅜	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- T -

1993 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
9½	5⅛	TCBY Entr	[illegible]							
40	27¾	TCF Financ	[illegible]							
10⅞	8¾	TCW Conv S	[illegible]							
39	25⅞	TDK Corp A	[illegible]							
3¾	1⅞	T I S Mtge	[illegible]							
34¾	24½	TJX Cos	[illegible]							
18½	14⅝	TNP Enterp	[illegible]							
68⅝	52½	TRW Inc	[illegible]							
25⅞	5¾	T2 Medcl	[illegible]							
27¾	17⅛	Taiwan Fd								
9	3⅛	Talleyind	[illegible]							
14½	6½	Talley Pf	[illegible]							
65	39½	Tambrands	[illegible]							
16⅞	8½	Tandem								
42⅝	24⅝	Tandy Corp	[illegible]							
19½	12	Taurus Mun	[illegible]							
25⅞	20¾	Teco Energ	[illegible]							
27⅞	20⅛	Tektronix	[illegible]							
5	1¼	Telecom Cp								
27¾	18½	Teledyne	[illegible]							
38¾	29½	TeleEspSA	[illegible]							
62¼	44⅝	Telmex ADR	[illegible]							
62½	37¼	Templeinl	[illegible]							
24⅞	14⅝	TemplEmMk	[illegible]							
9¼	8¼	TempltGlob	[illegible]							
8	7¼	TempltGlFd	[illegible]							
55	39⅛	Tennecoinc	[illegible]							
29½	21¾	Teppco Ptn x	[illegible]							
29⅞	13	Teradyne								
11⅞	6¼	Terex	[illegible]							
5⅛	3½	Terra Inds								
7⅞	3	Tesoro Pet								
68½	57⅞	Texaco	[illegible]							
53⅞	51½	Texaco C	[illegible]							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- U -

[illegible]

- V -

[illegible]

- W -

[illegible]

- X - Y - Z -

1993 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
89⅞	69⅞	Xerox	3.00	3.8	30	6999	79½	78⅛	79¼	+2⅞
55½	51½	Xerox4.125	4.12	7.7		z180	53⅞	53¼	53¾	
50½	31¼	Xtra Corp	0.48	1.1	18	473	45⅛	43	44⅞	+⅞
29	19½	Yankee Egy	1.16	4.0	17	87	28⅞	28½	28⅞	-⅛
1⅛	⅜	Zapata				1927024	u1⅛	1⅛	1⅛	+⅛
10½	5⅞	ZenithElec			3	1481	7⅞	7½	7⅞	+⅜
29¾	19⅞	Zenith Nat	1.00	3.8	17	178	26⅝	25½	26¼	+½
8	6½	Zweig Ins x	0.82	10.9		67	7⅞	7⅝	7½	
15¾	12¾	Zero Corp	0.40	2.7	18	137	15	14⅞	15	+¼
40⅞	25⅞	Zurn Ind	0.88	3.3	58	646	27	26½	27	
13¾	12⅝	Zweig Fund	1.12	8.3		174	13½	13⅜	13½	+⅛
10⅞	9⅞	Zweig Totl	0.96	9.0		238	u10⅞	10⅝	10¾	-⅛

Price data supplied by Telekurs

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4 pm close October 29

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brascan A	1.04	10	60	9⅝	9⅝	9⅝	
Cal Engy		17	1344	17⅜	17⅛	17⅜	
Calprop		0	20	[illegible]	[illegible]	[illegible]	
Cambrex	0.20	13	5	20	19¾	20	+⅛
Can Marc	0.29	14	17	11⅝	11⅝	11⅝	-⅛
Chmbrs A	0.01	4	826	4⅛	3⅞	4	+⅛
Chambers		3	131	4⅛	3⅞	4⅛	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Forest La		26	1397	42¾	40¾	42¼	+1¾
Frequency		5	112	8	7⅝	7¾	+¼
Fruitlcm		13	5916	35½	35¼	35¼	-⅛
Garan	0.80	9	41	32	31¾	32	+½
Giant FdA	0.70	16	2487	24½	23⅝	24⅛	+⅛
Glatfltr	0.70	27	405	16⅞	15⅞	16½	+⅝
Goldfield		12	41	⅞	⅞	⅞	
Greenman		24	60	u5½	5⅜	5⅜	-⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Moogam		5	193	33	32¾	32½	-⅛
Media A	0.44	32	225	30⅛	29¾	30	+⅛
Mem Co	0.20	3	8	4⅛	4	4	
Moog A		56	29	7⅞	7⅝	7⅞	+⅛
MSR Expl		2	8	⅞	⅞	⅞	
Nat Patnt		6	5713	u5⅞	5⅛	5⅞	+⅜
New Line		39	598	25⅛	24⅝	25	-⅛
NY TimesA	0.56	71	3205	23⅝	23⅛	23⅝	-⅛
NthCanOil	0.20	22	4	11⅜	11⅜	11⅜	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UtdFoodsA		4	27	u1⅞	1⅞	1⅞	+⅛
UtdFoodsB	0.20	48	32	1⅞	1⅞	1⅞	+⅛
UnitePlsts		18	13	7	6⅞	6⅞	+⅛
US Cellul		147	80	35⅝	35½	35½	-⅛
Weatherfd		40	474	11⅝	11⅝	11⅝	+⅛
Westamer	0.58	20	33	27⅞	27	27⅞	+⅛
WRIT	1.12	18	431	13⅞	13½	13⅝	-⅛
Wortham	0.20	9	43	24¼	23⅞	24⅛	+⅛
Xytronix		8	84	9	8⅝	8¾	-⅛

GET YOUR FT DELIVERED TO YOUR HOME OR OFFICE IN GERMANY.

A subscription hand delivery is available in any one of 112 cities throughout Germany.
We will deliver your daily copy of the FT to your home or to your office at no extra charge to you.
If you would like more information about subscribing please call
Karl Capp for further details on Frankfurt Tel: 0130 5351, Fax: 069 5964481.

NASDAQ NATIONAL MARKET

4 pm close October 29

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- A - [illegible]

- B -

Stock
BB&T Fi
BE Aero
BeautiCo
Ben&Jer
Berkley
BHA Grp
BHA Grp
BI Inc
Big B
Bindley W
Biogen
Biomet
Block Dg
BMC Sof
Boatmen
Bob Evan
BolsaCh A
Bode & B
Borland
Boston B
Boston Te
BradyW A
Brand Co
Branco
Branco S
BSB Bncp
BT Shipg
Buffets
BuilderT
Burnup &
Burr Brown
Bushsoft
ButlerMfg
Bytex

- C -

Stock
C Tec
Cabot Med
CadSchwe
[illegible]

- D - [illegible]

- E - [illegible]

- F - [illegible]

- G - [illegible]

- H - [illegible]

- I - [illegible]

- J - [illegible]

- K - [illegible]

- L - [illegible]

- M - [illegible]

- N - [illegible]

- O - [illegible]

- P - Q - [illegible]

- R - [illegible]

- S - [illegible]

- T - [illegible]

- U - [illegible]

- V - [illegible]

- W - [illegible]

- X - Y - Z - [illegible]

MONDAY INTERVIEW

Tackler who can fight dirty

Sir Peter Levene, new chairman and chief executive of Canary Wharf, talks to **Robert Peston**

Trevor Humphries

'If both sides complain I've got it about right'

As a life-long supporter of Chelsea Football Club, Sir Peter Levene, the prime minister's personal adviser on efficiency in government, has become used to sharp reversals of fortune. Though he says that his patron, Mr John Major, has lost his stomach for the fortnightly punishment at Stamford Bridge, Chelsea's stadium, Sir Peter continues to occupy his season ticket seat, week-in week-out, together with his three children.

Coping with Chelsea's vicissitudes is probably ideal training for his latest job, starting today, as chairman and chief executive of Canary Wharf, owner of the £2bn, east London property development.

Though Canary Wharf was conceived in the mid-1980s as London's second business centre after the City, when confidence in the future of the Docklands development in east London was at a peak, its financial difficulties led to the collapse of one of the world's most powerful property empires, Mr Paul Reichmann's group of Olympia & York companies. They also meant colossal losses for 12 commercial banks which lent Mr Reichmann £671m for the project.

Indeed, the failure to find many tenants for the 4.3m sq ft of new office space – by next year it will be half let and the latest tenant, the Daily Mirror, was lured by the offer of rent-free offices for five years – cast a blight on the entire Docklands development.

But Sir Peter – son of a dealer in antique silver and who as an alderman of the City of London is likely to be Lord Mayor around the year 2000 – is in optimistic and combative mood: "The reality is that it's a great development. There is nowhere else in the UK where a big company can find enough space to bring together all its head-office functions in one high-quality building."

Mr Reichmann originally tried to recruit Sir Peter before Canary Wharf went into administration in 1992. With Canary Wharf out of administration last week, Sir Peter was offered the job by the banks which lent Mr Reichmann money and now own the properties.

Sir Peter says there is a vital difference between Mr Reichmann and himself: "I fight dirtier." His tough-tackling approach is evident in his role as Mr Major's efficiency adviser and overseer of the Efficiency Unit, which he intends to retain despite taking on the Canary Wharf job. Last week there was controversy over reports that the unit plans to recommend that all state pension recipients should be issued with plastic cards to allow their identity to be checked by computer.

Although Sir Peter refused to comment on the reports, colleagues say he is lobbying hard for the scheme, which he estimates could eliminate more than £800m a year in social security fraud.

He will ruffle more feathers this week when Mr William Waldegrave, the public services minister, announces the results of the efficiency unit's most important project, the market-testing programme. This was a project launched last November whose object was to put out to tender £1.5bn of work done by government departments, from cleaning, and secretarial services to the collection of official statistics and naval surveillance operations for Customs.

In the event, several hundred million pounds of work has been subjected to the tendering process, about half being awarded to the private sector. Sir Peter is thus braced for criticism that he is not introducing competition fast enough.

Although he cannot comment until Mr Waldegrave has made his statement, colleagues say the £1.5bn target was unrealistically high, given that it was 60 times greater than the pilot programme. They add he believes that success depends not on how much is awarded to the private sector, but on whether the civil service has been made more efficient.

However, some private sector companies complain their bids have been obstructed by conservative department heads, who actually choose between the competing tenders, though the process is overseen by the efficiency unit. Sir Peter is unmoved: "I have had an equal number of complaints from civil servants that we are making it too easy for the private sector. If both sides are complaining I reckon I must have got it about right".

He has got used to measuring his success by the level of criticism he receives – and the more the better. His first government appointment came in 1985, when he was picked to be chief of defence procurement by the then defence secretary, Mr Michael Heseltine, who became a close friend. This caused a furore as Sir Peter was chairman and managing director of a fast-growing defence contractor, United Scientific Holdings, at the time.

Civil servants were outraged that Sir Peter was being paid £95,000 a year, more than twice the rate of his predecessor.

He also earned the ire of defence companies by more than doubling the proportion of contracts subject to competitive tendering and then making payments to contractors conditional on the progress of projects. He says these measures led to savings of about £800m. "When I got to the MoD, companies thought we were an easy touch. When I left, they regarded us as an awkward customer."

His "most daunting challenge", he says, came when he left the Ministry of Defence in 1991 and took over the chairmanship of the Docklands Light Railway, the new railway through London's east end to Canary Wharf. "The DLR was so unreliable it had become a national joke," he says.

Because he "knew absolutely nothing about railways", he decided to treat the DLR as if it were "a high-tech computerised system with software which did not work", analogous to some defence projects overseen by the MoD. He recruited Mod colleagues and the trains now run smoothly.

He has reluctantly given up the DLR chairmanship now that he is at Canary Wharf. Although adept at dodging conflicts of interest, he complains that "some people actually thought that, as chairman of both, I would alter the timetable and run more trains to Canary Wharf".

He is also giving up his positions as deputy chairman and managing director at the UK operations of Wasserstein Perella, the US investment bank, though he will remain as a non-executive director.

Because he has never before worked in the property industry, he accepts that people will question his suitability for the Canary Wharf job. But Sir Peter believes his success at the DLR shows that direct experience of an industry is not vital. He also points out that the bulk of his job will be selling the attractions of the development to potential tenants. "As chairman of United Scientific my business was marketing," he says.

His initial idea is to locate "the best restaurant in London" at the top of the Canary Wharf tower, the tallest building in the UK. "It would be the sort of place where the chairmen of big companies would go," he says. "Once they have been down to the site, I am sure I can persuade them of the merits of moving their companies to Canary Wharf."

His confidence is such that he talks of developing the entire 90-acre site, which would mean the construction of 13m sq ft of office space in total, enough for 50,000 people.

Although he relishes the challenge at Canary Wharf, there was one job he coveted more than any other and which has now probably slipped from his grasp forever. In the autumn of 1991, he and his "good friend", Lord Weinstock, managing director of the General Electric Company, discussed a plan which would have involved GEC taking a big stake in British Aerospace and Sir Peter then joining the board of BAe, the UK's biggest defence contractor. The plan foundered on BAe's hostility and Sir Peter was disappointed, though GEC remains keen on BAe.

"I would have liked to play a part in it, because it was what I was trained to do," he says. "On the other hand, the defence industry is pretty tough at the moment, probably even tougher than the property industry."

PERSONAL FILE

- **1941** Born Pinner, Middlesex.
- **1960-63** University of Manchester, BA in Economics and Politics.
- **1963** Joined United Scientific: man. director, 1968-85; chairman, 1981-85.
- **1984** Elected alderman of the City of London.
- **1985-91** Chief of Defence Procurement, Ministry of Defence.
- **1991-4** Chairman, Docklands Light Railway.
- **1992-** Prime Minister's Adviser on Efficiency, and Special Adviser to Trade and Industry Secretary.
- **1993-** Chairman and chief executive of Canary Wharf.

California dream put on hold

MICHAEL PROWSE on AMERICA

The depth of California's recession has taken most local forecasters by surprise and remains under-reported on the east coast, which is two years into an economic recovery. Californians are not exaggerating when they claim to be still ensnared in the worst downturn since the Great Depression.

The figures are strikingly bad. With an unemployment rate of 9.4 per cent, against 6.7 per cent in the US as a whole, the state faces a jobs challenge of European rather than American dimensions. Manufacturing employment is down 14 per cent from its peak in 1990 and is still falling. Retail sales are down about 12 per cent in real terms, three times the fall in personal incomes, suggesting a crushing of consumer confidence. In Los Angeles county, which has suffered 70 per cent of the state's job losses, the property market has suffered a London-style meltdown. A typical home in an affluent area is selling for about $480,000 against $670,000 in 1990, and prices may go still lower. For the first time in memory, workers are heading east for jobs.

"If you want a job this century, leave California," warns Mr Larry Kimbell, head of the business forecasting unit at the University of California at Los Angeles. He does not expect the recession to bottom out until late next year and predicts the state will not regain its pre-1990 growth trend until after the turn of the century.

The outlook for Los Angeles is worse still, according to Mr Jack Kyser, chief economist at the privately funded Economic Development Corporation, based in Hollywood. In spite of an upturn in movie studios and signs of a revival in tourism as memories of the LA riot fade, he does not expect sustained job growth until 1995. In Palo Alto, a region much less affected by defence cuts, Mr Steve Levy of the usually upbeat Centre for Continuing Study of the Californian Economy is almost as pessimistic. Although activity may have stopped declining, "there is no sign of an upturn", he says.

The grim figures are provoking an intense debate within the state. One camp sees the problems as essentially temporary: a reflection of the combined impact of several short-term shocks. The most serious is obviously the 20 per cent decline in federal defence spending in California, which has led to a drop in aerospace employment, for example, of about a third since 1990. But this was exacerbated by the bursting of the real estate bubble, the cessation of inward investment from Japan and the weakness of foreign trade: California accounts for about a fifth of US exports.

The other, gloomier view is that the difficulties, while partly cyclical, also reflect structural problems: a complacency that took root during the long years of effortless prosperity. Mr Lew Coleman, vice-chairman of BankAmerica in San Francisco, says about half the state's economic base (not just defence-related industries) is restructuring in an effort to improve productivity.

"This cycle is probably several years from being completed but it should produce a more competitive state economy," he says. The restructuring thesis helps explain the puzzling short-term weakness of service industries: instead of taking up the slack as in previous recessions, non-manufacturing jobs contracted in both 1991 and 1992 and will probably fall again this year.

The state government is wrestling with big increases in social spending that partly reflect the short-term burden of rapid immigration. (California, with 12 per cent of the population, absorbs a third of legal immigrants to the US and about 50 per cent of illegal immigrants.) But even allowing for this, its performance until recently was poor: a steady increase in the tax and regulatory burden co-existed with a deterioration in infrastructure, educational standards and public safety. For business and individuals alike, this has made California a "bad buy".

Some pundits are defiantly optimistic. Mr Joel Kotkin, a Los Angeles TV reporter and author, claims the state is going through a healthy Schumpeterian process of "creative destruction". He translates every negative into a positive: cuts in defence jobs, for example, are good because they increase the availability of skilled manpower for rapidly growing small, high-technology companies; the fall in housing prices makes Los Angeles more affordable for the young people still flocking to the region. The public gloom reflects the influence of the industries that are dying – and thus clamouring for state or federal assistance.

Mr Kotkin may overstate his case. But why be too gloomy about the long-term prospects of a state that boasts both Silicon Valley and Hollywood, crucial players in many industries of the future such as "information superhighways"? In general California is strong in precisely the sectors – entertainment, high-tech manufacturing, professional services and foreign trade – that are likely to enjoy above-average growth in coming decades.

With the passage of a budget on time this year and enactment of important tax reforms, there are signs that Sacramento, at last, is getting its act together. Add to this the state's vast consumer market and its favourable position on the Pacific Rim (and as a gateway to Latin America) and there is surely reason to believe that the Californian dream is on hold rather than cancelled.

Of broking and jobbing the Pelikan's fond,
See how sweetly he puts your word onto bond.
Pelikan

JOTTER PAD

Pandora's box swings open

IAN DAVIDSON on EUROPE

There was not much triumphalism at Friday's European Summit marking the entry into force of the Maastricht Treaty. True, the British government gave a strangled squawk of self-congratulation at the wonderful results of its brilliance in having been ejected from the Exchange Rate Mechanism a year ago. But most leaders adopted a more modest tone.

For the Community and the treaty are both seriously short of political credibility. Maastricht was supposed to launch Europe on the road to Economic and Monetary Union: but to the average voter, the EMU programme must look, not just irrelevant, but perversely damaging in the worst recession in recent memory. Worse, the Community, which has been sold primarily as a source of economic prosperity, has appeared to offer no policy response to this recession.

Unless growth returns and unemployment falls, governments are still vulnerable to the tide of nationalism and anti-Europeanism which surged in opposition to Maastricht. Chancellor Helmut Kohl and President François Mitterrand both remain fully committed to Maastricht. But German voters do not care for the idea of a common European currency and a large proportion of the Gaullists in the French governing majority are in reality hostile to the treaty.

It is under pressure from these anti-European Gaullists that Mr Pierre de Boissieu is being squeezed out of his job as Economic Director at the Quai d'Orsay, essentially because he is identified as the man who made Maastricht.

In short, governments are anxious to stay right away from the kind of ideologically charged controversy about Europe which made the ratification of Maastricht such a misery. They desperately need recovery and hope, growth and jobs; they are waiting anxiously for Mr Jacques Delors' White Paper on growth and competitiveness, the *plat de résistance* at the full summit in December; and they would much rather avoid another upsetting debate about federalism, supranationalism and the future shape of Europe.

Such a debate is inevitable however, because the Community is facing the prospect of admitting a large number of new member states. Four west European countries from EFTA are already negotiating and hope to join by the end of next year; and a raft of other countries from central and eastern Europe are anxious to join as soon as the Community will have them.

Expansion on such a scale cannot fail, in the most general terms, to change the character of the enterprise: a Community of 25 member states, with their divergences of character and interests, is obviously going to be radically different from the existing Community of 12. Poland is more different, in almost every way, from Holland or Belgium than they are from each other, and these differences of history and geography are deep and permanent.

The central problem of such a large Community is constitutional. There ought to be more majority voting, in order to keep open the possibility of effective decision making; but in that case more individual member states could be outvoted. In a large Community, whole groups of states with similar interests may be outvoted: the south, or the north, or the poor. In short, the unavoidable question raised by such a large Community is the old unsettled problem of federalism, or whatever you call it.

The debate now starting is not overtly between the nationalists and the federalists, but between the big countries and the small. At present the big countries have a smaller voting weight, in relation to population or GNP, than the small. This gesture of political solidarity was part of the original bargain between the six; but since all the EFTA candidates are small and most of the eastern European candidates are also small, it is now being challenged, more or less openly, by most of the big countries.

Unexpectedly, the first to make the challenge explicit has been Britain. Last week Mr Douglas Hurd, foreign secretary, argued the number of votes required to block a majority decision should be the same after enlargement as before: the equivalent of two big countries plus one small. In theory, such a move could make majority voting more difficult, by raising the proportion of votes required for a decision. But Mr Hurd's result could also be achieved by leaving the decision-making threshold unchanged, but increasing the voting weight of the large countries.

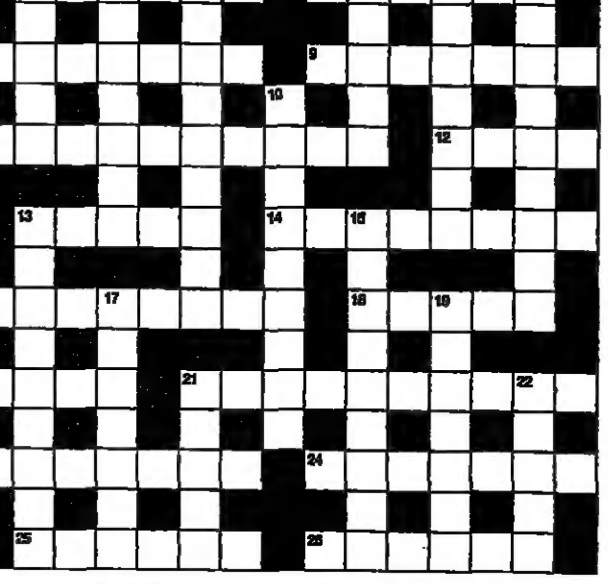
The German government appears divided on the issue, and thus paralysed. But France and Spain want a revision of voting weights. Since such a revision will anger their smaller partners and members of EFTA, they will be grateful to Britain for opening the Pandora's Box.

The small countries thought they had won a reprieve on the voting weight issue, at least until after the negotiations with the EFTA countries. But in the big countries the penny has at last dropped: once the EFTA countries get in on favourable terms, they will certainly not agree to sacrifice their voting privilege; even if they did, their electorates would certainly vote down such a treaty change in the inevitable referenda. A change in the voting system must be now, or it will be never.

The voting issue is also being driven by talk about reforming the Commission. There are now 17 Commissioners, which many think is too many; most agree that 21 after enlargement would be far too many; yet no country wants to give up its Commissioners. The reason is that the Commission takes more and more of its decisions by simple majority vote; and most Commissioners tend to vote by nationality, even though the Treaty forbids it.

CROSSWORD

No.8,294 Set by DANTE



ACROSS

1 Stroke a gander (6)
4 Bear – with a sore head possibly? (6)
8 There's a natural abhorrence for such cleaners (7)
9 It results in a free kick for the away team (7)
11 Nurse employed by the infantry is a newcomer (10)
12 They are naturally charged for half portions (4)
13 Eccentrics seen at the bridge table (5)
14 Wrong clue man's giving for US representative (5,3)
16 Used to be in a job (8)
18 It's an order which sometimes perpetuates his name (5)
20 Doctor on morning rounds (4)
21 Poorly valued live entertainment (10)
23 A number of workers in possession (7)
24 Book covering part of N. Africa (7)
25 Demonstrate an early form of motion (6)
26 Fast movers, before morning found at sea (6)

DOWN

1 Lower a large cocktail (5)
2 Apart and sure to play around (7)
3 Advanced with gunners, nervous and afraid of being shot (6-3)
5 Unsuitable description of those in poor health (5)
6 Number set about making the interior jolly (7)
7 Communist and German worker no longer needed (9)
10 Problem – study a French instrument (9)
13 One in the club has whip-round for cheese (9)
15 See Carol's recipe for a cooked dish (9)
17 An older sort of man (7)
19 Situation of a bad sailor or his boat? (2,5)
21 It is essential to turn up at six-fifty at the outside (5)
22 Medical substitute (5)

The solution to last Saturday's prize puzzle will be published with names of winners on Saturday November 13.

"Choose a good brandy. That way, as the evening wears on, only the anecdotes begin to lack taste."

BILL BRIDESON, 51-YEAR-OLD SURFER, CALIFORNIA.

INTRODUCE SOME CALIFORNIAN INTO THE CONVERSATION.

E&J

SINGLE CASK MATURED BRANDY.